



# ***Daily Report***

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## **China**

FBIS-CHI-93-178  
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16 September 1993

# Daily Report

## China

FBIS-CHI-93-178

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16 September 1993

**NOTICE TO READERS:** An \* indicates material not disseminated in electronic form.

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## General

### Foreign Ministry Holds Weekly News Briefing

#### Says China Exports No Prison Products

OW1609124893 Beijing XINHUA Domestic Service in Chinese 0939 GMT 16 Sep 93

[By reporter Xing Huaishi (1630 2037 2514)]

[Text] Beijing, 16 Sep (XINHUA)—Failure of the U.S. side to openly clarify that findings of the investigation had already certified the suspected units as innocent constitutes the main obstacle [zhu yao zhang ai 0031 6008 7140 4293] for China and the United States in implementing the memorandum of understanding on banning import and export of products made in reform-through-labor prisons. Foreign Ministry spokeswoman Fan Huijuan said here today.

At a weekly news conference this afternoon, a reporter asked: U.S. Assistant Secretary of State Winston Lord said recently that China had played tricks in implementing the Sino-U.S. memorandum and that China should allow the U.S. side to visit places suspected of exporting prison products. What is your comment on this?

The spokeswoman said: The Chinese side has acted strictly in compliance with the Sino-U.S. Memorandum of Understanding on Banning Import and Export of Prison Labor Products. After the signing of the memorandum, there has been no Chinese reform-through-labor prison-made products found being exported to the U.S., and this has already been recognized by the spokesman of the U.S. State Department. It can be said, therefore, that the specific question in Sino-U.S. trade has already been settled.

She said: on the basis of careful investigation and in accordance with the memorandum, the Chinese side has given responses to the specific matters that the U.S. side had raised with regard to suspected exportation of products made in reform-through-labor prisons. At the request of the U.S. side, the Chinese side arranged for personnel from the U.S. Embassy in China to visit the suspected places. For instance, the Chinese side arranged the visits by the U.S. side to the Beijing No. 1 Prison and the Beijing Qinghe Farm [qing he nong chang 3237 3109 6593 1034] last March. Results of the investigation have already borne out that the two units were both clean. However, some U.S. congressmen have gone so far as to falsely accuse [wu 6136] these two units of exporting reform-through-labor prison-made products and the Chinese side of failing to implement the memorandum. The Chinese side has asked the U.S. side to openly confirm that those two units are free from exports of reform-through-labor prison-made products so as to make facts clear to the public. However, the U.S. side has so far delayed giving a response to that request for nearly half a year.

The spokeswoman said: "The failure of the U.S. side to openly clarify that findings of the investigation had already certified the suspected units as innocent represents a major obstacle for the two countries in implementing the memorandum."

#### Asked About Release of Dissident

HK1609140893 Hong Kong Television Broadcasts Limited in English 1200 GMT 16 Sep 93

[From the "News at 0800"]

[Text] The prominent Chinese dissident Wei Jingsheng has met his brother and sister for the first time since being released from prison. The meeting took place last night at a guesthouse where Wei is resting in seclusion. Wei was paroled after serving all but six months of a 15-year term. Jenny Lam reports from Beijing:

[Begin recording] [Lam] The short letter from Wei Jingsheng is dated 15 September and is addressed to the media. In his own writing, the dissident says he was released on parole two days ago. He is resting and will return to the city in a few days time. He is going to face the press. His family confirms he is staying in the countryside of Beijing. His sister says Wei is not totally free yet and that he has a lot on his mind. Outside his home in Beijing, journalists wait patiently for his return amid tight security. It is believed China released its most prominent political prisoner to increase its chances of hosting the Olympics in the year 2000. But today a Foreign Ministry spokesman dodged a series of questions linking Wei's freedom with the Olympics.

[Spokesman in Mandarin, fading into translation] The Chinese judicial organs independently try cases, using facts as the basis and law as the yardstick.

[Lam] Jenny Lam, TVB News, Beijing. [end recording]

#### Qian Qichen To Head Delegation to UN

OW1609084393 Beijing XINHUA in English 0835 GMT 16 Sep 93

[Text] Beijing, September 16 (XINHUA)—Vice-Premier and Foreign Minister Qian Qichen, at head of a Chinese delegation, will leave here on September 24 for New York to attend the 48th Session of the United Nations General Assembly, a Foreign Ministry spokeswoman announced here today.

Qian will deliver "an important speech" at the general debate of the General Assembly, spokeswoman Fan Huijuan told a weekly press conference. "During his stay in New York, he will call on the UN secretary general, and meet with the president of the General Assembly as well as leaders and foreign ministers of some countries." Fan said.

When asked about her expectations for the UN assembly, Fan noted that the coming assembly will deal

with around 160 proposals on topics ranging from politics, economy, disarmament to social and legal matters. As peace and development remain the issues of primary concern for all countries, "we sincerely hope that with joint efforts of all the UN members, the General Assembly will achieve practical results and thus make contributions to world peace and development," Fan said.

### Ministry Criticizes Hurd Remarks on Olympics

HK1609063693 Hong Kong AFP in English 0545 GMT 16 Sep 93

[Excerpt] Beijing, Sept 16 (AFP)—China reacted sharply Thursday to remarks by British Foreign Secretary Douglas Hurd who has come out against Beijing's bid to host the 2000 Olympic Games. Hurd was told by a Chinese Foreign Ministry spokesman, reacting with unusual speed, that he should leave the decision-making to the International Olympic Committee (IOC). "Where to hold the Olympic Games is not decided by some politicians. It is decided by the ballot of the IOC," the spokesman said.

Hurd said Thursday in Sydney he felt strongly that Beijing should not get the Games. Speaking in a breakfast television interview, Hurd said Manchester was "the obvious place," but if Manchester failed, the Games should come to Sydney. Asked how he would react if both were knocked out and Beijing won, he said: "I think that would be poor news, I think that would be a bad choice."

Beijing, Sydney and Manchester are in the contest along with Berlin and Istanbul to host the games, which will be decided in Monaco next week. [passage omitted]

### Delegate to IPU Meeting Criticizes 'Power Politics'

OW1609091393 Beijing XINHUA in English 0900 GMT 16 Sep 93

[Text] Canberra, September 16 (XINHUA)—Zhu Qizhen, head of the delegation of the Chinese National People's Congress (NPC), today criticized "hegemony and power politics" of a big power, saying that these continue to exist in today's international arena.

Zhu, member of the NPC Standing Committee, made the remarks at the general debate of the 90th conference of the Inter-Parliamentary Union held in Canberra between September 13 to 18.

He cited as an example the recent incident involving the Chinese cargo liner Yinhe, which he said "represents a typical manifestation of such hegemony."

Based on its erroneous information and in disregard of the repeated clarification by the Chinese Government, Zhu said, the government of a big power insisted on interrupting the ship's normal navigation.

The interruption of the Chinese cargo liner, thereby, was "not only inflicting heavy economic loss on the ship, but also jeopardizing China's international reputation," he said.

"Such acts of serious violations of another country's sovereignty, the freedom of navigation on the high seas and norms governing international relations deserve strong condemnation by the international community," the delegate said.

### Calls For New International Order

OW1609093993 Beijing XINHUA in English 0918 GMT 16 Sep 93

[Text] Canberra, September 16 (XINHUA)—China believes that a new international order should be established according to the spirit of the UN Charter and universally accepted norms governing international relations.

This was voiced today by Zhu Qizhen, head of the delegation of the Chinese National People's Congress (NPC), at the general debate of the six-day 90th conference of the Inter-Parliamentary Union held here between September 13 to 18.

Such an order, he said, should be based on the principles of mutual respect for sovereignty and territorial integrity, mutual non-aggression, non-interference in each other's internal affairs, equality and mutual benefit and peaceful coexistence.

Zhu, who is a member of the NPC's Standing Committee, stressed that "the core of the principles is mutual respect for sovereignty and territorial integrity and non-interference in each other's internal affairs."

He expressed the view that governments and peoples have the right to choose their own social system and ideology in the light of their own national conditions.

All countries, big or small, strong or weak, rich or poor, have the right to participate in international affairs as equal members of the international community, Zhu said.

On the setting up of a new international economic order, Zhu said that "it is imperative to strengthen South-South cooperation, North-South dialogue so as to narrow the gap between the North and South."

Meanwhile, Zhu appreciated the signing on Monday [13 September] of the historic accord between Israel and the Palestine Liberation Organization, describing it as a "major step taken by the two sides in a pragmatic and constructive spirit towards a comprehensive settlement of the Palestinian question."

On the assertion that with the growth of its economy, China will allegedly pose a threat to others, Zhu said that this is "absolutely groundless."

China is a big country with a growing economy and its economic development needs a stable and peaceful international environment, just as the world's peace and development needs a more open and prosperous China, the delegate said.

Zhu reiterated that "China does not and will never practice hegemony and power politics, nor will it threaten or bully any other country."

#### **International Seminar Discusses China's Financial Reform**

OW1609111993 Beijing XINHUA in English 1100  
GMT 16 Sep 93

[Text] Beijing, September 16 (XINHUA)—Reform of China's financial system is at the top of the central government's agenda.

The People's Bank of China (PBC), the central bank, today invited a dozen senior foreign bankers as well as well-placed officials from the World Bank and International Monetary Fund to a seminar for discussion of the draft reform blueprint.

Addressing the opening session this morning, PBC Vice Governor Dai Xianglong said that China has worked out the draft plan for reform of its monetary system. It is based on the experience gained from the reform efforts during the past ten years.

He said that this high-level seminar offers Chinese financial authorities and experts a good chance to learn from the expertise of financial operations and administration of their foreign counterparts, especially the success of financial reform in developing countries.

"We hope the discussion and suggestions of foreign experts will help the reform blueprint fit in more with China's realities while paving the way for the gradual merging of China's banking into international practices," said Dai.

At today's meeting, PBC Vice Governor Chen Yuan briefed the foreign participants on China's reform plan. He said the fundamental task of the reform is to establish a central bank system which is under the leadership of the State Council but has autonomy over monetary policy.

He said that policy-based financing and commercial financing will be separated so that the specialized banks would become state commercial banks. A financial organization system with the state commercial banks as the core and the co-existence of various financial institutions will also be set up.

As to the monetary market, Chen said, it should be unified and open to fair competition under the strict supervision of the central bank.

The seminar, which will last three days, is jointly sponsored by the PBC and the World Bank. Foreign participants include former president of New York Federal Reserve Board Gerald Corrigan, former executive director of the Bank of Japan Wakatsuki and senior officials from central banks of Chile, Turkey and Malaysia.

#### **IMF Suggests Strengthened Bank Competition**

OW1409225193 Beijing XINHUA in English 2145  
GMT 14 Sep 93

[Text] Washington, September 14 (XINHUA)—The International Monetary Fund (IMF) called on China here today to strengthen the competition of its banking system.

"The most immediate step required was a strengthening of competition in banking system by reducing the specialization among major banks and allowing the banks greater flexibility," the IMF said in its annual report.

The banks in China, the IMF said, should be freed from policy-based lending and allowed greater flexibility in setting interest rates.

The IMF, meanwhile, praised China's commitment to economic reforms and the country's economic development, which it said was remarkable given the weak world economic situation.

It stressed, however, that a full opening of Chinese economy requires a deepening of exchange and trade reforms.

The international lending agency viewed the "persistently poor financial performance of state enterprises" as a threat to China's macroeconomic stability.

The report cited indications of overheating of Chinese economy, saying that it believed China's current actions against inflation will not deter the authorities from moving toward market-based monetary management.

#### **UNCTAD Sees 'Success' in Beijing's Economic Reform**

OW1609020993 Beijing XINHUA in English 0152  
GMT 16 Sep 93

[Text] Geneva, September 16 (XINHUA)—China's economic reform is "a success" but China needs to work out adequate macro-economic policies to maintain stability, the United Nations Conference on Trade and Development (UNCTAD) said today.

China has broadly followed the model of its industrializing neighbors, says the annual trade and development report released today in Geneva by UNCTAD.

Its economic reform since 1978 "must by any reasonable standards be regarded as a success," the report says. Its economic growth doubled in 1992 to about 13 percent.

The reform has been preceding gradually and is "devoid of shock treatment," the report says. It was not based on a comprehensive blueprint, rather the dynamics of the initial reform measures generated forces which led to further reform, making for a continuous process.

It points out that the Chinese experience puts into questions mainstream economic thinking about the feasibility of gradual reform of a planned economy.

While a great deal of marketization has so far been accomplished, the gradual reform of a planned economy has been possible without any formal privatization of state-owned enterprises.

"China has been able to introduce new organizational forms such as town and village enterprises behaving according to the rules of the market, they have become the most dynamic sector of the Chinese economy," says UNCTAD.

Price controls have been reduced gradually and a dual price system has been introduced.

"This approach also spared China the need to implement stabilization programs, thus avoiding the current traumatic experience of many of the transition economies," UNCTAD reports.

However, the report notes that the development of adequate macro-economic instrument of control is essential to maintain stability.

"With the lessening of central control over finance and investment, the economy has been overheating," the report stresses.

"Expenditure will need to be curtailed, and the sooner that is done, the less painful it will be," it emphasizes.

#### **Project Link Meeting Holds 'China Day' Activities**

*OW1409033393 Beijing XINHUA in English 0239  
GMT 14 Sep 93*

[Text] Beijing, September 14 (XINHUA)—The ongoing autumn meeting of Project Link held 'China Day' activities here today.

During the day, Chinese Government officials and economists would brief the participants on China's economic situation, its financial reform and foreign trade.

Some 130 participants from 60 countries and regions, the International Monetary Fund (IMF), the World Bank and the Asian Development Bank (ADB) are attending the five-day meeting, which opened here yesterday.

#### **Shanghai To Sponsor International Technology Fair**

*OW1309033793 Beijing XINHUA in English 0159  
GMT 13 Sep 93*

[Text] Shanghai, September 13 (XINHUA)—The 1993 China International Technology Fair will be held in Shanghai from September 20 to 25.

An official in charge of the fair said that this will be the second of its kind in Shanghai.

The first one opened in 1991. Some 2,000 business people from all parts of the world attended the fair, which concluded about 260 contracts on technological items involving a sum of 230 million U.S. dollars.

He disclosed that enterprises, institutions and foreign trade organizations from 29 provinces, municipalities and autonomous regions are expected to participate in this year's fair, which will display about 2,000 technological items.

These items represent the fields of power generation, electronics, machinery, building materials, chemicals, textiles, space, agriculture, environmental protection and light industry. Most of the items to be exhibited have already reached advanced international or domestic level.

#### **Li Lanqing, Olympic Bid Delegation Leave for Monte Carlo**

*OW1609074593 Beijing XINHUA in English 0731  
GMT 16 Sep 93*

[Text] Beijing, September 16 (XINHUA)—Beijing's Olympic bid delegation led by Chinese Vice-Premier Li Lanqing left here Thursday [16 September] on a chartered plane for the International Olympic Committee (IOC) meeting in Monte Carlo on September 23.

The Chinese vice-premier, who is the honorary head of the delegation, said at the airport that he would reiterate to the IOC the full support of the Chinese Government to Beijing's bid for hosting the 2000 Olympics, and forward the wishes of the 1.17 billion Chinese people for hosting the games in Beijing.

The other cities bidding for the games are Berlin, Manchester, Sydney and Istanbul. The IOC will vote to choose the host city on September 23.

The around 200-member delegation with Chen Xitong, president of the Beijing 2000 Olympic Games Bid Committee, as its head, included officials of the Beijing Bid Committee, representatives of sports, arts and enterprises, and personalities from Hong Kong and overseas Chinese.

China's Olympic gold medalists and a children's chorus were also in the delegation.



The delegation was seen off at the airport by Li Tieying, member of the Political Bureau of the Chinese Communist Party Central Committee and a state councillor, and Luo Gan, state councilor and secretary-general of the State Council, and other leaders.

#### **UNICEF Praises Iodine Deficiency Fight**

OW1409210493 Beijing XINHUA in English 2044  
GMT 14 Sep 93

[Text] United Nations, September 14 (XINHUA)—The United Nations Children's Fund (UNICEF) said today it is encouraged by the efforts of the Chinese Government in dealing with the iodine deficiency disorders (IDD).

Speaking at today's press briefing at UNICEF headquarters, James Grant, executive director of UNICEF, said China is acting as a model for other countries in the world by attaching great importance to battling IDD.

As scheduled, China will hold a national advocacy meeting next week in Beijing, at which governors from all over the country and UNICEF representatives will be present.

According to UNICEF statistics, IDD threatens 425 million Chinese, which is equivalent to more than one third the global population at risk.

UNICEF believes that a high level of commitment will be obtained to ensure that all salt in China is iodized within the next few years.

Grant explained in today's briefing that IDD is the kind of mental retardation that is the easiest to prevent.

The universal iodization of alimentary salt will solve the problem and its cost is so low that every person can afford it.

But because of the lack of move from the governments concerned, Grant pointed out, IDD is still endangering people's health in many parts of the world, especially in the Third World.

#### **Jiang Accepts Four Ambassadors' Credentials**

OW1309172593 Beijing XINHUA in English 1607  
GMT 13 Sep 93

[Text] Beijing, September 13 (XINHUA)—Chinese President Jiang Zemin accepted credentials from four new ambassadors to China here today.

The ambassadors are Moshe Ben Yaacov from Israel, Abdul Menan Sheka from Ethiopia, Christopher Elder from New Zealand and Robin H. Yarrow from Fiji.

#### **'China Threat Theory' Said 'Utterly Groundless'**

HK1609102793 Hong Kong TZU CHING in Chinese  
No 9, 5 Sep 93 pp 43-45

["Special article" by Pei Li (0554 6849): "The 'China Threat Theory' Is Utterly Groundless"]

[Text] For some time, a strange theory has appeared in the Western media, namely the "China threat theory." It was the same papers and magazines that made unrealistic statements several years ago about China, saying that China was utterly hopeless. Now the question is how has China become so frightfully strong in just a few years? There seems to be the need to think of and analyze the strange theory independently.

#### **China Is a Developing Country**

All fair-minded people acknowledge that the policy of reform and opening up advocated by Deng Xiaoping since the late 1970's has enabled China to take on a new political and economic aspect. The reform has proceeded from the rural areas to cities and opening up has spread from coastal areas to the hinterland gradually, steadily, and step by step. China is now gradually developing and its development rate is greatly admirable. From 1979 to 1992, China's GNP had an annual average growth of 8.9 percent, and its GNP in 1992 grew 12 percent, and that in 1993 it will probably grow 12 percent or so. Such a growth rate is the one of the highest in the world. The output of many major products of China have already ranked first in the world, such as grain, cotton, pork, beef, lamb, cloth, crude coal, cement, and television sets, and China is one of the world's largest producers of such products as steel, crude oil, generators, and chemical fibers. With development over the last dozen years or more, the people's living standards have obviously improved and the Chinese have basically fulfilled the hope of having enough food and clothing. Some places are modernized to a considerable degree, and some people are beginning to lead a comparatively well-off life. This is China's historical progress.

Nevertheless, China's speedy development started from a low point. Its GNP has increased, but it has to be shared by nearly 1.2 billion people. China's GDP in 1992 came to 2.39 trillion yuan and ranked 10th in the world when calculated according to the year's average exchange rate. But its per capita GDP is less than \$400, which is one of the lowest in the world. In order for China to catch up with medium-developed countries, it will have to work hard for several more decades at least. Even when the exchange-rate calculation, an unreasonable factor, is excluded, its per capita level of economic development is still very low.

Some Westerners have used the purchasing power parity (PPP) method to calculate China's economic strength and have increased China's economic might by four times. They say that China's GNP is equivalent to one fourth of that of the United States and comes only after the United States and Japan, and that China is the

"world's third largest economic power." At present, the most common view around the world is that this method of calculation is reasonable to some extent, but is limited as it cannot fully reflect the enormous gap between the national conditions and the customs of each country and has difficulty figuring out the obvious discrepancies in the quality of life of people of every class, commodity quality, and so forth between all countries and all nationalities. We can say for certain that this method of calculation has considerably increased China's economic strength.

To measure the economic strength of a country, we must not merely look at its economic indicators, but should also look at various other aspects including its society, culture, resources, and environment. China has 22 percent of the world's population, and although it is large, it has a weak foundation and its regional development is imbalanced. This is China's basic national condition. To look at China without considering its national conditions is inevitably one-sided.

#### China Has Never Pursued Military Expansion

The "China Threat Theory" is based on the "logic" that when China has a developed economy, it will carry out military expansion. This is also an overtone intended to exaggerate China's economic strength.

This author thinks it totally untenable to say that when China has a developed economy, it will carry out military expansion, because facts in support of the logic are lacking. In 1985, a year when China's economy developed particularly well, China unilaterally cut one million troops, and this is very rare around the world. Moreover, China's military expenditure is very low. China's military expenditure in 1993 was only \$7.3 billion, only 2.66 percent of the U.S. figure of \$274.3 billion. China's military expenditure calculated on a per capita basis was only \$6, while that of the United States was \$1,100. Furthermore, China has no troops or military bases abroad.

From the historical angle, China's history has only been one of imperialist and colonist invasion, and it does not have any record of overseas expansion.

By saying that China poses a "threat," they only mean that China poses a threat to its neighboring countries. For a long time, China has affirmed as a basic national policy to develop friendly and cooperative relations with its neighboring countries. Its relations with all neighboring countries is in a normal state and are developing in an all-around way. Moreover, China's economic development benefits partly from its good and cooperative relations with its neighboring countries. Such a situation is good both for China's economic development and for it to play a due role in the world. There is no reason to believe that China will ruin such a neighboring environment.

It is dangerous to base an argument on rumors and imagination without having facts speak for themselves.

At one time, the Western media said that China was ready to purchase aircraft carriers from the Ukraine. In this author's opinion, since China is a sovereign country, there would be nothing strange even if it did purchase aircraft carriers. Now other countries can have aircraft carriers, why can China not? In fact, the news that China was ready to purchase aircraft carriers is a sheer fabrication, as well as a lie which has deceived so many kind-hearted people.

#### China Needs Peace and Development

Securing peace is very important for China, which is just beginning to develop, because it needs development.

China has 1,903 counties, of which 520 or more are poverty stricken and still need the state's financial support. China's urbanization degree is still very low. In 1990, its urban population only accounted for 28 percent of the total population, while the world's average was 50 percent, that of high-income countries was 77 percent, and that of low-income countries was 38 percent. In the case of cities and towns with better incomes, their per capita living area was 6.7 square meters. China's general levels of education, science, and technology are comparatively low, and according to the 1990 census, only 1.4 percent of people had a university education. Therefore, it is not difficult to see that China still has a long way to go and heavy tasks to accomplish on the path of development.

The important remarks made by Deng Xiaoping last year and the principles affirmed at the 14th CPC Congress clearly tell us that no factor will shake the Chinese Government's determination to make the people live a comparatively well-off life at the soonest possible date. Economic development is the Chinese Government's and people's central task which takes priority over all others. A China that wholeheartedly wishes for development not only needs political and social stability at home, but also yearns for a peaceful international environment. China has consistently pursued the independent foreign policy of peace, and its diplomatic effort shows that it is doing its part in contributing to a peaceful international environment. The Chinese people who have suffered all the pain of being invaded deeply understand that without development, there will be no national independence, much less the well-being of the people. In order to develop, it must secure peace as it is the major prerequisite.

If one does not take a distorted view but looks at China's development with an unbiased position, perhaps one will come to the correct conclusion—China's development is beneficial to peace in the world and in the Asia-Pacific region. Some international commentators say that the Asia-Pacific region is relatively stable at a time when many regions in the world are turbulent and unstable. Suppose China's economy is in a mess and its refugees are flocking to neighboring countries everyday, will there still be stability in the Asia-Pacific region? Only development is the foundation of stability and it is a matter of

general knowledge. It is a basic truth whether for a country or for the world. One of the important reasons why the Asia-Pacific region is comparatively stable is that a large country, China, is developing steadily. All who really love peace must not be jealous of and inflict harm on China's development.

### Why Spread the "China Threat Theory"

There is an intrinsic link between the "hopeless China theory" and the "China threat theory." Those spreading these two views harbor bad motives.

Japan's SEILON monthly carried an article by the defense expert Mr. Hisao Iwajima. The article pointed out there are roughly three kinds of "China threat" theorists. The first kind is those that wish to gain benefit through the above view, and they are represented by arms dealers. The second is the so-called "China problem experts." By creating the "China Threat Theory," they are drawing attention to their existence. The third are those with various backgrounds which always harbor the "anti-China" and "Sinophobe" feelings.

It seems that Mr. Hisao Iwajima's conclusion makes good sense. The "China Threat Theory" surely directly "benefits" big arms dealers. One of the objectives of saying that China poses a threat is to sow discord in China's relations with its neighboring countries, artificially create a tense atmosphere, and implicitly signal to China's neighboring countries that they need to guard against and cope with China. In this way, Asia's armaments market will expand and, on the other hand, they have found the excuse for major arms-exporting countries to export vast quantities of arms.

Everyone knows that since the end of the World War II, while competing in the arms race with the former Soviet Union, the United States always exported vast quantities of weapons, and thus reaped a huge profit. In recent years, due to the change of the world setup, the world's armaments market has been shrinking, but the United States arms sales to all parts of the world have nevertheless been on the increase. The United States is the world's 100 percent largest arms dealer. According to a report drafted by a U.S. Congress organization, in the 1990-91 fiscal year, the U.S. arms trade volume was more than half of the world's total. A report published on 26 April by the Arms Control and Foreign Policy Caucus of the U.S. Congress said: Since the Gulf war, the United States has signed agreements to sell \$46 billion in arms to the Third World. Disregarding its international promises, the United States has even decided to sell 150 F-16 fighter planes to China's Taiwan. It will be unprecedented in the history of the world if such a vast quantity of sophisticated weapons is sold to the province of a sovereign state. The U.S. media have vigorously justified the fighter plane sales to Taiwan by what it calls having the need to maintain a military balance between the two sides of the Taiwan Strait.

As for the second kind of people as mentioned by Mr. Hisao Iwajima, they are scholars and have the right to express their own views which are naturally subject to public judgment.

As for the third kind of people as mentioned by Mr. Hisao Iwajima, some of them harbor bad motives. Now communism in Eastern Europe and the former Soviet Union has crumbled and some countries are bogged down in political and economic chaos, but in China, it is still under the CPC's leadership that China is gradually making progress in the world. But some people are not happy to see a really prosperous China. Since the socialist camp of the former Soviet Union and Eastern Europe disintegrated, some Westerners have directed the spearhead at China and have adopted a series of actions to harm China's sovereignty, interfere in China's internal affairs, and put all sorts of pressure on China. Of course, Chinese affairs are to be managed by the Chinese who have their own philosophy, and China will continue to walk on the road it has chosen. Attempts to obstruct China's development, interfere with its reunification, harm China's image, and sow discord in its relations with its neighboring countries through the "China threat theory" will be in vain in the end.

### Cuba Reiterates Desire for Dialogue With U.S.

OW1509015293 Beijing XINHUA in English 0143  
GMT 15 Sep 93

[Text] Havana, September 14 (XINHUA)—The visit to Cuba by Dennis Hays, director of Cuban Affairs for the U.S. State Department, served as a backdrop to reiterate Cuba's desire to undertake constructive talks with the USA, a Cuban Foreign Ministry official declared today.

Bienvendido Garcia, North American director from Cuba's Foreign Ministry, said that the dialogue would have to be held on equal terms and with mutual respect.

The Cuban official described Hays' six-day visit to familiarize himself with this Caribbean country, which ended Monday night, as satisfactory.

In his talks with Hays, Garcia mentioned his country's rejection to the three decades of economic blockade imposed by the U.S. Government on the Cuban people.

### XINHUA Notes U.S. Lifts Restriction on Jordan

OW1609044293 Beijing XINHUA in English 0432  
GMT 16 Sep 93

[Text] Washington, September 15 (XINHUA)—United States President Bill Clinton has waived a Gulf war restriction on financial assistance against Jordan, a White House spokeswoman said here today.

Press Secretary Dee Dee Myers told reporters that Clinton informed Jordan's King Husayn in a 10-minute telephone call that he had lifted the restriction so that Jordan will be able to receive 30 million dollars in U.S. assistance in fiscal 1993.

Myers said Clinton also congratulated King Husayn for the decision of Jordan and Israel to initial an agenda for peace talks between the two countries.

Clinton also placed a telephone call to Syrian President Hafiz al-Asad today while aboard Air Force One during a round trip from Washington to New Orleans.

In a 40-minute conversation with al-Asad, Clinton said that "I really believe we have a chance now to continue through toward a comprehensive peace."

"I very much want to see an agreement between Israel and Syria and I want to emphasize my personal commitment to making progress on all fronts of the peace process," Clinton said.

Myers also said Clinton urged al-Asad to help curb opposition to the PLO-Israeli agreement by political extremists.

Myers quoted Clinton as saying, "it is essential to push forward on that accord and to reject the extremists on both sides of the issue that seek to undermine the agreement."

Clinton indicated that support by Damascus would help strengthen the ability of Israeli government to negotiation with Syria, Myers added.

The Damascus-based Palestinian group, the Popular Front of the Liberation of Palestine, which is the second largest Palestinian group led by George Habash, has condemned the PLO-Israeli agreement on the Palestinian self-rule of Gaza Strip and Jericho.

## United States & Canada

### Qiao Shi Discusses Sino-U.S. Ties With Banker

OW1609125293 Beijing XINHUA in English 1244  
GMT 16 Sep 93

[Text] Beijing, September 16 (XINHUA)—Qiao Shi, chairman of the Standing Committee of China's National People's Congress (NPC) expressed the hope today that China and the United States will make joint efforts to improve their bilateral ties.

"The problems in the Sino-U.S. ties can be solved so long as the two sides abide by the principles set in the three communiques and carry out patient consultations," said Qiao when he met with a leading U.S. banker Richard Thomas here this afternoon.

Thomas, chairman and president of the First National Bank of Chicago, arrived here yesterday.

Qiao expressed the conviction that the Sino-U.S. trade and economic cooperation will continue to grow. He called on the two sides to make joint efforts to promote the development of such economic ties, so as to contribute to the improvement of the overall Sino-U.S. relations.

The First National Bank of Chicago set up its first representative office in China in 1974. Qiao called the move "a far-sighted action."

He also praised the bank for constantly expanding its business with China and increasing its ties with the Bank of China.

Expressing his conviction that business ties between the U.S. and China is important to both sides, Thomas said that many American companies attach importance to their cooperation with China.

Bright prospects lie ahead for investment and trade links with China, he said.

Thomas and his party arrived in Beijing yesterday.

### Daily on Meeting of Chinese, U.S. Entrepreneurs

HK1609104193 Beijing RENMIN RIBAO in Chinese  
14 Sep 93 p 2

[Report by Liu Wen (0491 2429): "Sino-U.S. Meeting of Large Enterprises To Discuss Economic and Trade Cooperation Held in Beijing"]

[Text] A meeting of large Chinese and U.S. enterprises to discuss economic and trade cooperation and investment was held in Beijing on 13 September.

The meeting was jointly organized by China's Yinyu Press, the U.S. Stock Exchange, and other units. At the meeting, the decisionmakers from 29 large U.S. enterprises and the representatives of over 50 state-run large and medium-sized enterprises in China carried out extensive discussions on cooperation in the areas of machinery, chemical industry, power, iron and steel, finance, and trade.

Luo Gan, state councillor and secretary general of the State Council, attended the meeting. Chen Qingtai, vice minister of State Economic and Trade Commission, went to the meeting to brief the Chinese and U.S. entrepreneurs on the situation of economic development and the investment environment in China.

### Bao Xin 'Letter': Yinhe Search 'Dangerous Choice'

HK1509160393 Hong Kong LIAOWANG OVERSEAS  
EDITION in Chinese No 57, 13 Sep 93 p 2

["Letter From Beijing" by Bao Xin (7637 0207): "A Thorough Exposure of the Ugly Features of U.S. Hegemonism"]

[Text] My Brother,

The truth of the month-long Yinhe incident, which stirred up a great furor and involved many people, finally came out. The incorrect actions adopted by the United States on the basis of its inaccurate intelligence and wrong judgment caused this unjust case to occur.



What is the lesson for the United States? What insight can the world learn from the incident?

My view is that the Yinhe incident was not an isolated incident. It reflects an intention [yi xiang 1942 0686] on the part of the Americans. People noticed that there were positive signs in Sino-U.S. relations after President Clinton announced the extension of China's most-favored-nation status at the end of May, and there were certain favorable factors for Sino-U.S. relations in Clinton's new Asia-Pacific policy. However, beginning in the latter half of July, there have been a series of incidents which were injurious to the healthy development of Sino-U.S. relations. Following U.S. false accusations on 23 July that the Yinhe was carrying materials for processing chemical weapons, the United States slammed "Grade Two Sanctions" [er ji zhi cai 0059 4787 0455 5932] on China and Pakistan on 23 August using the claim that China had exported M-11 guided missiles to Pakistan. During this period, the United States offered Taiwan advance-warning aircraft and other military hardware in contravention of the Sino-U.S. accord. All this makes people feel that there is a certain force in the United States that wants to reverse the trend of improvement in Sino-U.S. ties.

It looks as if some people in the United States rather like the Cold War. These people give ideology a high level of importance, see China as an "enemy" or "potential enemy," and advocate launching a cold war [leng zhan 0397 2069] against China. Obviously, this is prejudice and political shortsightedness. As we all know, China is a responsible country, good on its word. China has consistently abided by the five principles of peaceful coexistence. Chinese leaders have declared many times that China will never be a superpower. China hopes to see a peaceful international environment so that it can pursue modernization to raise people's living standards and make greater contributions toward world peace. Ideas such as "enemy" or "potential enemy" are completely wrong.

The other school of thought, which believes that Sino-U.S. relations are not significant and that China's importance to the United States has declined, is equally shortsighted and wrong. From the perspective of the pattern of new international relations and the new geopolitical and geo-economic context, not only does China need the United States, the United States needs China. If Sino-U.S. relations are damaged, China will not be the only one to suffer losses; the United States will find itself in a very unfavorable position in current international ties. In the near term, China is pursuing a policy of reform and opening up, and the economy is thriving; it has opened up to the world an attractive and extensive market. If American corporations do not move in, there will be other corporations from other countries. Has this not been proven over the last few years? In the long term, "a bird of prey is poised to pounce on the mantis which is trying to catch the cicada." When the United States was actively involved in the Cold War, its national

strength was already suffering and, to this day, is troubled by debts and deficits. Other countries have marched ahead in strides and become tough competitors for the United States. Is this lesson not profound enough?

Obviously, the United States needs to know itself and its correct place. Without a doubt, a GNP of close to \$6 trillion, a trade volume of \$1 trillion, almost \$300 billion in military expenditures, and the leading scientific and technological position, do give the United States a special position and make it the only superpower in the world. Given this, the United States should fulfill its responsibility to global economic development, scientific and technological progress, and peace and stability. But it wants to be a "global cop" [shi jie jing cha 0013 3954 6226 1390], bully the weak, and dominate the poor. The Yinhe incident again shows the U.S. dangerous tendency to play the "global cop." As is well known, the "Convention on the Prohibition of the Development, Production, Stockpiling, Acquisition, Retention, and Transfer of Chemical Weapons" does not take effect until at least 1995. Procedures for verification and inspection have yet to be set up. The United States itself has not ratified the convention. There are no international organizations authorizing the United States to conduct unilateral inspections of other countries. Under these circumstances, the United States dares to deploy warships and aircraft to monitor, follow, threaten [wei xie 1218 5178], and disrupt a mercantile vessel on a normal sailing route, and resort to diplomatic pressure to force other countries to refuse port entry to the mercantile vessel—do all these not nakedly show the role of a "global cop?"

This is a dangerous choice, and this has not escaped notice even within the United States. There are numerous historical precedents of famed powers falling down for overstretching national strength.

In the Yinhe incident, the United States has destroyed its own image. It started with alacrity and in a threatening manner, and closed the whole thing eating humble pie. Should the world not fear and be alarmed when the United States, claiming to "lead the new world order," acts like this? Can the world accept the leadership of such a country? "A just cause enjoys abundant support, while an unjust cause finds little support." The United States is going to suffer in its power to influence. This much is certain.

Respectfully, [Signed] Bao Xin  
[Dated] 5 September

#### Article Views Official Policy Toward U.S.

HK1609091893 Hong Kong TANGTAI in Chinese No  
30, 15 Sep 93 p 9

[Article by Lu Yu-sha (7627 6276 2619): "New 'Eight-Character Principle' of China's Policy Toward the United States"—first paragraph is TANGTAI introduction]

[Text] There have been a number of frictions between China and the United States recently; however, the senior level of the CPC has studied various conditions and redefined its attitude toward the United States, showing that they still have some misgivings about the United States.

After President Clinton took office, the undercurrents in Sino-U.S. relations increased. For example, the human rights problem, the most-favored-nation trading status, the resolution on opposing China's bid to hold the 2000 Olympic Games, the Yinhe incident (the United States said the Chinese freighter carried banned products and hindered its voyage, but it was later proved that the United States got the wrong intelligence; however, the United States neither apologize solemnly nor make any compensation), and the transfer of missile technology to Pakistan. This series of actions cast a shadow on Sino-U.S. relations in 1993, whereas the Chinese Government recently issued a white paper on its relations with Taiwan, and hit back on the Yinhe incident, making people in the world feel a very tense relationship between the two countries.

According to information, the senior level of the CPC has decided on a new pattern of diplomatic work: The "key point" of the work is to improve ties with the neighboring countries, and the "basis" is to carry out friendly cooperation with developing countries. As for "opponents," two have been identified, and the main one is the United States. However, "opponent" it does not necessarily imply the intention to strike it directly or confront it, but its meaning from another plain is a "key point" other than neighboring areas, and it also includes the touch of competition and maneuver. Therefore, the CPC thinks that Germany is the key point of Europe,

Japan is the key point of Asia, and the United States is still the key point of the world.

At present, the senior level of the CPC thinks that although there is a great deal of trouble in Sino-U.S. relations, the basic framework of relations has not been affected. This is based on the following analysis:

1. There are serious internal contradictions in the West, and this prevents the United States from making its relations with China completely acute.
2. The changes in the Soviet Union and East Europe have not turned out to be what was expected by the United States, but have become a burden for the United States, and this is manifested in the following areas: 1) The communist parties of the Soviet Union and East Europe still exist; 2) the process of privatization is too slow, and West Germany's effort to transform East Germany is not very smooth; 3) although Russia relies on the United States, contradictions are upsurging.
3. To handle international relations of a global and broad nature, the United States still needs China's cooperation.
4. China is a big market.
5. Clinton's domestic and foreign policies look weak, and a series of the measures he has taken to deal with China reflect the thought given to domestic contradictions.

Based on the above analysis, the CPC has decided that policy toward the United States should be summed up by eight characters: "Consider the overall situation and stabilize relations."

Li Peng, head of the CPC Central Committee leadership group for foreign affairs, has given such an instruction, and recently Jiang Zemin has reiterated the instruction.

## Political & Social

### Wei Jingsheng Meets Family, Comments on Olympics

HK1609055693 Hong Kong AFP in English 0535 GMT  
16 Sep 93

[Text] Beijing, Sept 16 (AFP)—Wei Jingsheng, China's most famous dissident, said after being freed that he hoped Beijing was chosen to host the 2000 Olympic Games, but will continue to push for a more "enlightened" political system, his brother said Thursday [16 September]. In a gesture widely seen as a ploy to strengthen Beijing's chances, the Chinese authorities paroled Wei on Tuesday after 14-1/2 years in jail.

Wei decided after being released to rest for a few days in a suburb north of Beijing, where he is staying in a villa along with two police, said brother Wei Xiaotao, who met with him late Wednesday for about two hours. "He is absolutely free," the brother said. "He can come back at any time, it's up to him." In a handwritten letter given to his brother, Wei said he would return to the city "within a few days" and meet friends and reporters.

During their talk, Wei told his brother that he hoped the International Olympic Committee would select Beijing to host the 2000 Games when the group meets in Monte Carlo next Thursday. "I think (President) Jiang Zemin said it well," Wei was quoted as saying. "I hope that Beijing's bid for the Olympics succeeds, but the right to decide is up to the International Olympic Committee."

Although Wei was "more mature" than before, the brother said, he still believed that "a more enlightened political system is needed for China to modernize." Wei was jailed for 15 years in 1979 for his leading role in the Democracy Wall movement.

[Hong Kong RTHK Radio Four in English at 0500 GMT on 16 September, in the "News at One" program, reports the following: "One of China's most prominent dissidents, Wei Jingsheng, has been allowed to meet members of his family more than a day after being released from jail. His brother and sister told reporters after their two-and-a-half-hour meeting last night that they mainly discussed family matters.

["They added that he was also allowed to give them a note saying he was resting but would be allowed to meet his friends within a few days. The meeting was Mr. Wei's first contact with his family since it was announced on Tuesday that he was being released on parole six months before the end of a 15-year prison term. He was arrested in 1979 after writing essays calling for democracy and denouncing senior leader Deng Xiaoping as an autocrat."]

## More on Meeting

HK1609072993 Hong Kong AFP in English 0702 GMT  
16 Sep 93

[By William Brent]

[Text] Beijing, Sept 16 (AFP)—Wei Jingsheng, China's most prominent dissident, said after being released from prison that he hoped Beijing was chosen to host the 2000 Olympic Games, a family member said here Thursday [16 September]. But after 14-1/2 years in prison, Wei still believed that "a more enlightened political system is needed for China to modernize," his brother Wei Xiaotao said, adding that his quest for full democracy "will not change."

Wei Jingsheng was paroled Tuesday in a ploy by Beijing to strengthen its Olympic bid. Critics of China's human rights record in the West have campaigned against Beijing, citing cases such as Wei's. Wei, 43, decided after being released to rest for a few days in a suburb north of Beijing, where he is staying in a villa along with two police, said the brother, who met with him late Wednesday for about two hours. In a handwritten letter passed to reporters, Wei said he would return to the city "within a few days" and hold a press conference. "He is absolutely free," the brother said. "He can come back at any time, it's up to him."

During their talk, Wei told his brother that he hoped the International Olympic Committee would select Beijing to host the 2000 Games when the group meets in Monte Carlo next Thursday. "I think (President) Jiang Zemin said it well," Wei was quoted as saying. "I hope that Beijing's bid for the Olympics succeeds, but the right to decide belongs to the International Olympic Committee."

Wei was "more mature" than before, the brother said, adding that he expected him to be "less radical." "Sometimes if you go forward the road gets narrower, so why not step back and let the road open wide? (Wei) understands this," he said.

Wei was jailed for 15 years in 1979 for his leading role in the Democracy Wall movement. At the time he advocated U.S.-style democracy, which he viewed in ideal terms, and condemned paramount leader Deng Xiaoping as a despot.

For the time being, Wei appeared to be simply enjoying life on the outside of prison, where he spent five years in solitary confinement in an underground cell, and figuring out what to do next. "This morning, he is probably fishing. In the afternoon, he will probably take some shooting practice," Wei Xiaotao said, adding that the two celebrated their reunion with beer along with sister Wei Ling. Wei was also making telephone calls to old friends to renew contacts. "He's most concerned with what he will do when he returns. He doesn't have a fixed

idea of some profession," he said, adding that "it is absolutely impossible" that he join China's rush to do business.

Details of Wei's detention also started to emerge. He was held for the first five years in Beijing No. 1 Prison, where he was confined to a maximum security block with underground cells. He was then moved to far-west Qinghai province, China's Gulag, before ending up at a labor camp in Tangshan, about 200 kilometers (130 miles) east of Beijing. Most of his teeth fell out due to lack of sunlight in the first five years of imprisonment, but otherwise his health was generally good. Wei Xiaotao said reports that Wei suffered from psychiatric problems during his detention were unfounded.

### **To Arrive in Beijing in 'Several Days'**

*HK1609032093 Hong Kong AFP in English 0254 GMT 16 Sep 93*

[Text] Beijing, Sept 16 (AFP)—Chinese dissident Wei Jingsheng, freed on parole Tuesday [14 September] after spending more than 14 years in prison, told journalists in a letter that he would meet them in Beijing "in several days."

The hand-written letter, dated September 15, was delivered to his brother Wei Xiaotao Wednesday night in a guest house in a Beijing suburb, Wei Xiaotao told journalists. "I was paroled on September 14 and am now resting," said the letter addressed to journalists and signed by hand. "I will return to the city within a few days and meet with all my friends. Thank you for all your concern."

His brother said that police had taken him and his sister to the guest house to meet Wei Jingsheng. Some 60 journalists waited vainly for the dissident to appear Tuesday afternoon in Beijing where his father lives.

### **Editorial Views Release of Dissident Wei**

*HK1609063493 Hong Kong HSIANG KANG SHANG PAO in Chinese 15 Sep 93 p 2*

[Editorial: "Release of Wei Jingsheng Should Be Viewed As Follows"]

[Text] Wei Jingsheng, who was sentenced to 15 years imprisonment for his part in the "democracy wall" incident in Beijing's Xidan in 1979, was released on parole yesterday by the relevant department. Most of the people who are concerned about this matter have responded positively but some people have used the chance, once again, to attack China's human rights situation. Wei Jingsheng was one of the earlier criminals who, for their parts in the democracy movement, were sentenced to jail by the Chinese authorities. A just and objective viewpoint is of universal significance to the observation of similar problems.

The Chinese authorities have already released all the students who were arrested for their part in the "4 June"

incident in 1989 and a number of other persons have also been released ahead of schedule, Wei Jingsheng being one of them. The issue of human rights in China has made him relatively well-known abroad but, other than this, his release ahead of schedule is nothing special and should be regarded as a manifestation of China's fixed policy for handling this kind of person.

Beginning with Bao Zunxin who was released last year, and Xu Wenli, Wang Xizhe, and Wei Jingsheng who were released this year, their coming out of jail ahead of schedule was arranged according to the relevant regulations and procedures in China's criminal law. The article on "parole" in China's criminal law stipulates that criminals who are sentenced to jail for a number of years may be released on parole provided that they have served half of their sentences, show repentance, and they are no longer a threat to society. The abovementioned persons can be released on parole because, first, they obeyed prison regulations when serving their terms and, second, the authorities think that they "are no longer a threat to society" after leaving jail. The latter condition is perhaps the determining factor for the authorities in deciding the time to grant the parole.

The political situation in China has become more stable in recent years. In the four years since the "4 June" incident, after serious reflection and learning from the lesson of the disintegration of the Soviet Union and the great changes in Eastern Europe, more and more people tend to think that at present the main duty in China is to grasp economic construction, whereas political reform and the promotion of democracy should be carried out in an orderly manner with the country's stability as the precondition, for only this way is in accordance with the people's basic interest. With such a social ideology as foundation, the authorities think that the release of Wei Jingsheng and others ahead of schedule does not constitute a negative impact on the society.

People have generally noticed that after leaving jail on parole, these democracy movement persons have not changed their political viewpoints very much, so it becomes clear that the granting of parole by the authorities is not on the condition that they change their political viewpoints. Similarly, their arrests earlier were not just because they had different thinking and viewpoints but because they had, at the same time, carried out activities violating Chinese law. This situation indicates that China is not, unlike what some people have alleged, unable to accommodate different political views or sentences people just because of their thinking and speeches.

Of course, from the viewpoint of some Hong Kong people, some democracy movement persons should not have been arrested and imprisoned in the first place and here we have the problem of the difference in social and legal systems. China practices a socialist system, therefore its criminal law stipulates that actions taken by citizens aimed at overthrowing the socialist system, are crimes. Since the UN resolution clearly points out that



every country has the right to choose and develop, at its discretion, its own political and social systems, then, people have no reason to forcefully impose other political and social systems on China. When China uses its own law to punish the criminal behavior which harms the country's political and social systems, it cannot be indiscriminately viewed as a human rights issue. The Basic Law stipulates that after 1997, Hong Kong will not practice a socialist system and this embodies China's respect for the history and actual conditions of Hong Kong. Similarly, the people of Hong Kong should also understand and respect the history and actual conditions of the mainland.

The granting of parole to Wei Jingsheng has broken the rumors which have been created by the mass media and which have been circulating for years, that Wei Jingsheng is suffering from "schizophrenia" and "losing his teeth and hair." So far, no one coming out of jail has been proved to have suffered inhumane treatment in prison. This is a hint that regarding the information released by some mass media and aimed at attacking China's human rights situation, readers should be wary of believing it.

#### **Dissident's Wife Makes Worldwide Release Appeal**

HK1609052193 Hong Kong SOUTH CHINA MORNING POST in English 16 Sep 93 p 10

[Report by Chris Yeung]

[Text] The wife of jailed dissident Wang Juntao is confident her worldwide appeal for her husband's release for medical treatment will not be seen by Beijing as inviting international pressure against the Chinese Government.

Greeted by pro-democracy activists, including Lau Chin-shek and Lau Shanching on arrival in Hong Kong yesterday, Hou Xiaotian said she believed China would have no reason to bar her return next June. She indicated that she would not do anything against the Chinese Constitution, adding her case was different from that of dissident unionist Han Dongfang.

The tired-looking dissident received a boisterous welcome from supporters who chanted slogans calling for Wang's release. Wang, 35, branded by Beijing as one of the "black hands" behind the ill-fated 1989 democracy movement, suffers from hepatitis B and a heart complaint. He is now under treatment in a military hospital in Beijing. He is serving a 13-year term for counter-revolutionary charges.

Speaking at the airport, Ms Hou said she applied for a passport to go abroad in 1991. The application was approved recently. "Originally I planned to leave in November. But I decided to go as early as I could because we cannot wait. I don't know how many more years he can live under such circumstances. I hope that

he can go out from the prison, whether it is on the basis of parole or for medical treatment. I hope he can go home as early as possible."

Ms Hou said: "It's still a prison. The hospital is under the jurisdiction of the 'reform through labour' authorities. The management is even stricter than that in prison."

Ms Hou maintained she was not manipulating international pressure for Beijing to back down. She said China had to accept international standards and criteria if it wanted to integrate with the rest of the world. She said Beijing had begun to realise that the release of dissidents such as Wei Jingsheng would be welcome in the international community.

Ms Hou, however, believes that Wang is unlikely to be freed in the near future. "I don't think the Chinese Government has a list that it will free certain people ahead of the Olympics vote or others when the MFN (Most Favoured Nation) decision draws near. "Every case will be considered in the circumstances at that time."

Ms Hou plans to meet Mr Han and friends during her six-day stay in Hong Kong. She said: "I'm just a woman acting on my own. I have no political background. I won't do anything at any time and in any place that is against the Chinese Constitution. Therefore the government has no reason to stop me from returning. What the Chinese Government would dislike most is for me to set up organisations or join political forces that it considers as hostile. I'm not prepared to do so."

Ms Hou said she did not think meeting dissidents such as Lau Chin-shek, who was earlier branded as a spy against China, would bring her trouble. Ms Hou quoted prison officials as saying that Wang should be allowed to leave for treatment given the nature and seriousness of his illness.

#### **Li Peng, Li Lanqing Attend National Games Closing**

OW1609085493 Beijing XINHUA Domestic Service in Chinese 1345 GMT 15 Sep 93

[By reporters Wang Yuelong (3769 1471 7893) and Su Huizhi (5685 2585 1807)]

[Excerpt] Beijing, 15 Sep (XINHUA)— As the National Games' flame, which had burned for 12 days, gradually died out amidst the music this afternoon, the aspirations for hosting the Olympics, like raging flames, has continued to kindle the hearts of hundreds of millions of people.

At 1900 on 15 September, a brief but warm closing ceremony was held at Beijing's Workers' Stadium for the Seventh National Games of the PRC.

Li Peng, Li Lanqing, Li Tieying, Chen Xitong, Song Renqiong, Chen Muhua, Wang Guangying, Luo Gan,

Hong Xuezhi, Huo Yingdong, and other leaders attended the closing ceremony. [passage omitted]

### **Wan Li's Response to 'Antidecadence' Drive Viewed**

*HK1609094593 Hong Kong CHING PAO in Chinese No 6, 5 Sep 93 p 38*

[Article by Cheng Te-lin (6774 1795 2651): "Wan Li Reiterates the Evasion System"]

[Text] News from Beijing says that after top CPC decisionmakers decided that a large-scale antidecadence struggle should be launched across the country and within the entire party from 20 August onward, former NPC Chairman Wan Li, who was spending the summer vacation in Beidaihe, immediately wrote a letter to the Political Bureau of the CPC Central Committee, showing his resolute support and reiterated the need to put into practice the post evasion system [by which children of veteran cadres must not hold office in the financial and banking sectors] while strengthening the functions of discipline inspection commissions.

### **He Sends a Letter to the CPC Central Committee Expressing Support for the Antidecadence Struggle**

In his letter, Wan Li said: As a veteran communist member and a citizen, I feel very uncomfortable seeing decadence among party and government organs and law-enforcement departments continuously worsening, which is affecting the party's central task, shaking the socialist legal system, and threatening the CPC's ruling status.

Wan Li added: The question of why decadence within party and government organs and law-enforcement remains uncurbed is worthy of deep deliberation by our party's supreme leadership. Do we not demand that communist members set an example in everything? But how well do our 50 million communist members do? And what about the middle-ranking cadres at and above the county or regimental level who number nearly 100,000? What about the 10,000 or more high-ranking cadres (including retired veteran cadres) at and above the prefectural or divisional level?

### **Suggests the Evasion System**

In the letter, Wan Li also put forward eight suggestions:

First, he suggested that the central authorities set up an antidecadence leading group with central leaders in charge to carry out unified leadership and prepare for the antidecadence struggle.

Second, under the leadership of their party committees, various localities, enterprises, and institutions set up antidecadence leading groups consisting of cadres, party members, and representatives of staff and workers and start work under the supervision of the people's congresses at their levels.

Third, in view of the decadence and other problems with party and government organs, they should reform their systems and strengthen the supervisory role of discipline inspection commissions.

Fourth, in line with requests of their people and with the suggestions of their people's congresses, they should send work teams to resolve problems in places where problems abound.

Fifth, the people's congresses at all levels should be empowered to supervise party and government organs' anticorruption work.

Sixth, where possible, cadres laid off from party and government organs should not work in economic circulation departments including financial departments where their skill or expertise does not suit their work.

Seventh, no arrangements should be made for the family dependents and children of high- and medium-ranking leading cadres (including retired veteran cadres) to work in economic circulation departments including financial departments if their skill or expertise do not suit their work. If their skill or expertise suits their work there, they should be chosen for the jobs only after having passed examinations in accordance with relevant regulations. There must not be special treatment for them.

Eighth, government departments or financial organizations must not approve loans to retired cadres so as to enable them to go into business or engage in financial activities.

### **Report Rejects 'Party-Government Integration'**

*HK1609094793 Beijing RENMIN RIBAO in Chinese 3 Sep 93 p 3*

[Report: "CPC Organization Department Official Says 'Party-Government Integration' Not Allowed in Institutional Reform"]

[Text] Recently, some counties (cities) have been merging their party and government organs and practicing the idea of "party-government integration," in the process of institutional reform. Some have already merged their party committees' organization, propaganda, and other departments with their government counterparts. Some state-owned enterprises in some provinces, in order to smooth out party-government relations, have applied the idea of "party-government integration" to the process of transformation of operational mechanism, thus merging the party and government systems within the enterprises. For a while, a small number of newspapers and journals have been promoting the view of "integration of party and government, with the latter performing the former's functions." How should we view this development?

The answer to this question, given by the person in charge of the organ concerned under the Organization Department of the CPC Central Committee, is: Our

national Constitution and the party constitution have clearly defined the party's position and role in the political life of this country, and the form by which the ruling party exercises leadership over state affairs during the period of socialist construction. It is wrong to promote "centralized party leadership" with the party superseding the government and the party committee undertaking administrative affairs. It is also wrong to promote "party-government integration," with the government superseding the party. Although some suggestions and measures in this regard may be out of goodwill, such attempts do not conform with the spirit of the 14th party congress. What is more, they produced some negative effects, weakening the party's work, downgrading the party's profile, and lowering the party's prestige among the public to a varying extent. This issue should draw our great attention.

In institutional reform, it is necessary to uphold the principle of "streamlining, centralization, and efficiency," but this must not be interpreted as the merger of the party and government, or the so-called idea of "party-government integration."

The person in charge further explained: Certain localities practicing "party-government integration" have introduced the integration of the personnel system, the integration of duties and functions, and the integration of organizations. Some enterprises have appointed the same person as party committee secretary and plant manager. Some people call this a form of "integration," which is in fact a misinterpretation. Of course, this practice of appointing one person as party committee secretary and plant manager should not be taken as a fixed mode to be extensively implemented. Whether to introduce it or not will depend on the actual conditions of an enterprise. After all, it should be decided case by case to suit the actual needs. In this regard, we must not arbitrarily demand uniformity.

#### **Wu Xueqian Speaks at CPPCC Cadre Training Class Opening**

*HK1609033093 Beijing XINHUA Domestic Service in Chinese 0806 GMT 2 Sep 93*

[Text] Shijiazhuang, 2 Sep (XINHUA)—The opening ceremony for the second Chinese People's Political Consultative Conference [CPPCC] cadre training class was held at the CPPCC Beidaihe Resort.

The class is the first-term local CPPCC cadre training class held by the Eighth CPPCC. Of the nearly 200 trainees who come from all parts of China, most are CPPCC chairmen, vice chairmen, and secretaries general at the city and county levels and a considerable number are leading comrades who have recently taken office.

National CPPCC Vice Chairman Wu Xueqian participated in the opening ceremony and gave an address on how to usher in new prospects for the work of political consultation and on how to properly organize cadre

training at the present time. He said: The 14th CPC National Congress affirmed the guiding role of the theory of building socialism with Chinese characteristics. China's modernization drive and reform and opening up have entered a new stage of development. As China's broadest patriotic united front organization for the people and as an important organ for realizing the system of multiparty cooperation and political consultation under the CPC's leadership, the CPPCC's role and function in the country's political, economic, and cultural life, and other aspects of social life have undoubtedly been strengthened; and the tasks and responsibilities it is shouldering have undoubtedly been increased. We must fully understand the important role and function of the CPPCC during the new period, adapt to the new situation, explore new ways, and make new contributions.

Speaking of cadre training, Wu Xueqian said: Our goal is that with several years' effort, we can build up across the country a contingent of CPPCC cadres that support the CPC's leadership, stick to the socialist road, ardently love the CPPCC's undertaking, are familiar with the work and profession of political consultation, are full of vigor, and are brave in pioneering.

#### **Remarks of Family Planning Minister Reported**

##### **Notes 'Grim' Population Situation**

*HK1609003093 Beijing ZHONGGUO XINWEN SHE in Chinese 1055 GMT 6 Sep 93*

[By reporter Chen Jian (7115 1696)]

[Text] Beijing, 6 Sep (ZHONGGUO XINWEN SHE)—Peng Peiyun, state councillor and minister of the State Family Planning Commission, said this afternoon that the stark idea that men are more important than women still prevails in China and directly affects upgrading of the population quality and improvement of the demographic structure.

Peng Peiyun made the above remark at the Seventh Chinese Women's National Conference.

It is learned that China's birth rate in 1987 was 2.3 percent and that in 1992 fell to 1.8 percent, and that the excessively quick population growth during the baby boom has been kept under control.

Peng Peiyun said that China's present population situation is still very grim as it is determined by such reasons as a large population base.

China still has over 20 million births each year and has annual net births of over 10 million, which is equivalent to the population of a medium-sized country. It is predicted that by the 2040's, China's total population will have reached 1.5 or 1.6 billion before it stops growing.



Since the 1980's, the birth rate of baby boys has tended to be increasing. Some people do not report the births of baby girls and use such modern devices as sonograms to determine the sex of their babies and then decide on optional artificial abortions. It is very common in some areas that baby girls are abandoned or mistreated.

Statistics from the latest general population census show that in 1990, the death rate of baby girls was 16 percent higher than that of baby boys, while the former should be 19 percent lower than the latter under normal circumstances.

Peng Peiyun held that the very reason for the situation is that people regard boys as more important than girls.

In view of this, she said: It is necessary to guide people to foster new ideas about marriage, family, and childbearing; overcome the influence of old ideas such as that "boys are more important than girls," that "boys are superior to girls," and that "boys are responsible for procreation"; vigorously encourage new ideas such as sex equality and that boys and girls make no difference. It is necessary to conscientiously implement the Protection of Women's Rights and Interests Act, the Protection of the Underaged Act, the Adoption Act, and other related regulations; resolutely oppose the maltreatment of women, especially those who have borne baby girls; and strictly cope with such illegal behavior as drowning and abandoning baby girls.

#### **Stresses Promoting Family Planning**

*OW1609114193 Beijing XINHUA in English 1115  
GMT 16 Sep 93*

[Text] Beijing, September 16 (XINHUA)—State Councillor Peng Peiyun said here today that China's family planning work must be further promoted so as to ensure the country's social and economic development.

Addressing a national family planning working experience-exchange and commendatory meeting which opened here today, Peng said that the large size of China's population and its rapid growth have seriously restrained the country's economic development.

"So family planning work can never slacken," said Peng, who is also minister in charge of the State Family Planning Commission (SFPC).

This year is the 10th anniversary of the fundamental principle of "three emphases" for family planning work carried out in China. The "three emphases" include public education, contraceptive measures and regular work on which the SFPC demanded that family planning work should mainly rely.

Since the "three emphases" principle was set up in 1983, birth control information has been widely disseminated among people in the areas which carry out the principle. So far, later marriage and later, fewer, but healthier births have become common practice in such areas,

which has helped improve women's social status and promote local economic development.

Peng urged that family planning work should better serve economic construction and improve people's lives.

At today's meeting, 49 advanced counties in family planning work were commended by the State Council and 76 counties commended by the SFPC.

State Councillor Ismail Amat passed on Premier Li Peng's congratulations to the commended counties at the meeting.

Song Ping, former member of the Standing Committee of the Political Bureau of the Chinese Communist Party Central Committee, Chen Muhua and Wu Jieping, vice-chairmen of the Standing Committee of the National People's Congress, and Qian Zhengying, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference, also took part in today's meeting.

#### **National Drive To Make Cities Cleaner Linked to Olympics**

*OW1609132593 Beijing XINHUA in English 1234  
GMT 16 Sep 93*

[Text] Beijing, September 16 (XINHUA)—A nationwide sanitation campaign, to start Friday [17 September], is aimed at making Chinese cities cleaner, as part of an all-out drive to host the 2000 Olympics.

Wang Guangtao, an official at the State Ministry of Construction, said the sanitation campaign, co-sponsored by the Ministry of Construction and the China Urban Environmental Sanitation Association, is also part of the worldwide drive "to make the world cleaner" launched by the United Nations Environment Program (UNEP).

The official said that Beijing, as one of the candidates to host the 2000 Olympics, must create the best conditions possible to help win its bid.

Wang said that over 500 large and medium-sized cities will initiate activities tomorrow to whitewash their environment. Meanwhile, they will also launch large-scale publicity activities to make citizens more aware of the significance of the sanitation campaign.

According to the official, China has achieved marked progress in improving sanitary conditions, with breakthroughs in garbage disposal, utilization of waste materials and construction of public lavatories.

China has issued a series of laws and regulations concerning urban sanitation in the past few years that have provided a legal and scientific basis for the management of garbage disposal and public lavatories in urban areas.

Wang called upon all members of society to support the state's sanitation campaign.



### Article Examines Problems in Publishing Circles

OW1409055993 Beijing XINHUA Domestic Service in Chinese 0852 GMT 26 Aug 93

[Article by XINHUA reporter Qu Zhihong (2575 1807 4767) and trainee Wang Li (3769 7812): "The Source of the Undercurrent Within Publishing Circles"]

[Text] Beijing, 26 Aug (XINHUA)—A newspaper on 22 June 1993 carried the following report about a publishing house being sued for infringement of rights:

"A portrait of Zhou Jie, a movie and television actress and dancer, appeared on the front and back covers of a novel entitled 'Goddess of Desire,' published by the Qinghai People's Publishing House, and Zhou's head was grafted onto a half-naked woman. Because of this, Zhou Jie has commissioned a lawyer to file a suit against the publishing house in the Shanghai Intermediate People's Court, and the court accepted the case on 16 June. Meanwhile, the Shanghai Press and Publications Administration has categorized the book 'Goddess of Desire' as pornography."

After knowing that it was being sued, the Qinghai People's Publishing House promptly issued a statement to the press the next day, saying that the publishing house did not publish the book, and that someone published the book in their name.

Who published the book? Both the publishing house and the press and publications administration were totally in the dark. While nobody knows how the litigation will proceed, people are sure that both the Qinghai People's Publishing House and Zhou Jie are victims and have had their rights infringed upon.

According to authoritative departments, incidents of printing all kinds of publications in the name of publishing houses have been frequent, and the majority of publishing houses have been victimized.

### Spreading the "Public Menace"

According to the State Press and Publications Administration's Distribution Department, over 1,000 kinds of illegal publications have been discovered and reported to the administration each year, but many more illegal publications have not been discovered or reported.

In the case of audio and video products, the number of pirated copies is countless. Last year when Beijing held a fair for audio and video goods' producers to promote their products, some producers exclaimed after a walk in the streets: How can we possibly survive when pirated goods are everywhere?

Large amounts of illegal publishing began in 1987 when the cultural market began to thrive and market controls were defective. Most of the illegal publications, which

were poorly printed and bound, were printed by non-existent publishing houses, and some did not even bother to use any name at all. Those publications were easy to identify.

Today's illegal publications are not so easy identifiable because they take legitimate book numbers that are borrowed or purchased, or because they are printed in the name of legitimate publishing houses. The most favorite publishing houses that illegal book publishers like to use are those located in remote areas or those operated by party and government organs. While the former are not well known and not easy to check, the latter can be used to scare people.

"Sophisticated" illegal book publishers simply engage in piracy. "The Besieged City," a best seller from two years ago, had over a dozen pirated versions all over the country, and virtually all publishers made a killing through pirating copies.

The deluge of illegal publications has undermined the state's control of publications and interfered with the normal publishing order. Since illegal publishers operate their business underground, they do not pay taxes, thereby causing the state enormous financial losses. Even more serious is the fact that these illegal publishers simply do not undertake social responsibilities because the books and magazines they publish not only are poorly edited and printed, but also the things they publish are vulgar and of low taste—such as stories about homicide, obscenities, and superstitious beliefs. Not only have they had ill effects on society, but also they have seriously tarnished the image of China's publishing businesses.

### Who Are the Culprits?

The danger of illegal publications has evoked the attention of state and relevant departments. The "Circular on Cracking Down on Illegal Publishing Activities," which the State Council issued as early as July 1987, explicitly provides that, aside from state-approved publishing units, no unit or individual may publish books and magazines or produce audio and video goods to be openly sold in society, and violators shall be accountable for their lawless conduct.

Each year since 1989, a leading group formed by seven ministries and committees of central authorities to put book and magazine publishing and audio and video good production in order has been organizing provinces and municipalities to crack down on illegal publications; however, these publications, like wild grass, have continued to increase.

Huge profits attract these lawless elements.

—In 1992, the illegal publishing case cracked in Zhenjiang on 18 September shocked the whole country. The illegal publishers made illegal profits amounting to 4.593 million yuan by publishing over 1.27 million copies of illegal books and magazines.

—In April 1993, 29-year-old Wang Shuxiang, a worker from the Four Seas Publishing House in Beijing's Yanqing County, made 140,000 yuan by selling over 20 book numbers, and accomplice Li Dasheng, manager of the Xiaoxiao Restaurant in Fengtai County, used the four book numbers he purchased from Wang with 70,000 yuan to publish over 620,000 copies of illegal publications involving over 1.01 million yuan.

—In May 1993, authorities in Shijiazhuang cracked a major case in which 1,716 sets—totalling 10,196 copies—of pirated Ming Dynasty Wanli versions of *Jinpingmei* [Plum Flower in the Golden Vase] were seized. These books, as well as the 80 or so other illegal publications seized, had a total value of 1.66 million yuan.

Included among illegal publishers are peasants, urban vagrants, jobless people, and literate men from small towns. On the whole, they are not very well educated and their sense of law is low. Conversely, since the number of high school and college-educated people in China is less than 100 million, the enormous number of meagerly educated readers is exactly the people whom the illegal publishers cater to.

There are also people within publishing circles who forget what is right when they see a profit. The most frequent illegal business involves selling and buying book numbers. According to relevant personnel in Sichuan's publishing circles, about 30 to 50 percent of books that publishing houses print today are published with purchased book numbers. Since book numbers came into use in 1956, nationally uniform numbers have been playing a significant role in the nation's book publishing and distribution. Today, however, book numbers have been regarded by some publishing houses as "money makers." According to relevant personnel, a book number can sell from 2,000 to 20,000 yuan. Once an illegal publisher has purchased a book number, he has purchased the needed "protection."

Publishing houses also have their "complaints." They have to bear enormous pressure from the unpredictable market, as well as ever-shrinking book orders. Since selling book numbers is a highly profitable business with little or no investment, it has become an "irresistible temptation" for many hard-pressed publishing houses.

#### The Thought-Provoking Futile Bans

In 1991, the country seized a total of over 20 million copies of illegal books and magazines, including 30,000 copies of pornographic books and magazines, 510,000 pornographic cassette tapes, and over 170,000 pornographic videocassette tapes.

During the second half of 1992, the nation seized 10 million copies of illegal publications, including 160,000 copies of pornographic books and magazines and two million illegal videocassette tapes, which included 120,000 pornographic cassette tapes.

During the January-May period this year, the State Press and Publications Administration seized more than 1.93 million copies of illegal books and publications, including 880,000 copies of pornographic books and magazines, and 300,000 videocassette tapes and 170,000 audiocassette tapes, including 190,000 pornographic videocassette tapes.

While we are glad to see these achievements in cracking down on illegal publications, we also cannot help worrying and asking: Why is it that illegal publications cannot be eliminated, despite the ban? Are there loopholes in the way we are cracking down on "illegal" publications? Do problems still exist in obstructing the work of cracking down on "illegal" publications?

According to an analysis made by an official from the State Press and Publications Administration Book Department, several reasons exist for these problems:

First, the lack of laws is the fundamental reason why illegal publications cannot be eliminated. The administration has time and again instructed that publishing houses may not sell book numbers, that illegal books and magazines may not be published, that control over the cultural market must be intensified...but these instructions have not been backed up by laws. [ellipses as received] A comprehensive law is needed to define what illegal publications are, how they should be disposed of, and how lawless elements should be punished. People within publishing circles have strongly demanded that a "Publishing Law" be enacted as quickly as possible. In a motion they jointly sponsored last March, 12 members from the Chinese People's Political Consultative Conference National Committee also called for early legislation of the "Law for Managing the Cultural Market."

Second, law enforcement for the cultural market is quite weak. Some administrators are not strict in enforcing the law, and they do not fine or heavily punish those who ought to be fined or punished. When a publisher can make a profit of up to a million yuan by publishing a book, a fine of several tens of thousand of yuan simply cannot scare him. Serious regional protectionism in law enforcement has also obstructed the crackdown.

Third, China's management of publishers and distributors is defective, and there is no law governing cultural market management. Of the nearly 60,000 publishing enterprises in the country, only 4,478 of them are licensed, and the remaining 50,000 are all illegal. The legal publishers have facilitated the illegal publishing business via long-distance coordination with illegal publishers. The printing business is a special, diversified business that is often uncontrollable.

Fourth, in China's book publishing business, illegal publishers often play a double role: On the one hand, they sell book numbers, pirate best sellers, evade taxes, and create disorder in the cultural market; on the other hand, they have buffeted China's rigid publishing system. Some illegal publishers produce books efficiently, and their finely printed books of fairly good taste

have attracted many highly educated readers; therefore, it is likely that they will continue to enjoy brisk business. A senior cultural administrator said that if these publishers whose books are legal but whose publishing business is illegal can be brought into the normal orbit of control so that these underground, clandestine "independent publishers" can openly operate their businesses, the guidance, control, and supervision over them will become more practically executed.

Meanwhile, people are still looking for new ideas to crack down on illegal publications. These ideas include letting the press and public opinion play the supervisory role; popularizing legal knowledge concerning the press and publications; taking over the cultural market with wholesome, beneficial, popular, and legal publications; and improving the national educational level.... [ellipses as received]

To cure the complex social ills characterized by the deluge of illegal publications, it is more important for people in all sectors to make concerted efforts to deal with the problem from various angles.

#### **Rong Yiren Reviews 'Socialist Road' Charted by Mao**

HK1509132293 Beijing RENMIN RIBAO in Chinese 8 Sep 93 p 5

[Article by Rong Yiren (2837 3015 0088): "The Socialist Road Charted by Chairman Mao"—"This article was originally carried in the book *Cherishing the Memory of Mao Zedong*, published by the Central Party Literature Publishing House"]

[Text] Fully 17 years have elapsed since the great revolutionary teacher Chairman Mao Zedong passed away. This year is the centenary of his birth. Like hundreds of millions of people throughout China, cherishing a feeling of great reverence for Chairman Mao, I recalled the magnificent contributions he made in leading the cause of the Chinese revolution and the course of progress I made under the guidance of Mao Zedong Thought.

In the mid-1950's, after experiencing three years of economic recovery and the "three-anti's movement," and the "five-anti's movement," localities across the country started an upsurge of the "three great transformations." Facing the great tide of the socialist transformation of capitalist industry and commerce, the vast numbers of Chinese industrialists and businessmen had both the enthusiasm for willingly accepting the transformation and a tendency to resist it consciously or unconsciously. They were pessimistic, desolate, and dispirited. It was at this historic juncture that Chairman Mao held discussions with the leading members and representatives of the All-China Federation of Industry and Commerce on 29 October and 8 December 1955, and delivered two important speeches. From a strategic position, he pointed out a bright future to the Chinese industrialists and businessmen, calling on them to clearly understand the laws governing social development and take

their destiny into their own hands and made specific policy arrangements which evoked strong repercussions in the industrial and commercial circles, and thus gave enormous impetus to the process of the socialist transformation movement. I, myself, listened to the two speeches. Chairman Mao's vivid language, humorous figures of speech, profound philosophic theory, and in particular, the zeal with which he expounded the theory on revolution, left an unforgettable impression on me for life. The two speeches were typically exciting and enlightening.

I come from a national bourgeois family. In my youth, I began to manage some enterprises of my family and thus became a member of the "younger group" of national capitalists. Before liberation, I did not know the Communist Party, and was afraid of it. On the contrary, I had quite a few connections with the Kuomintang [KMT] government. Nevertheless, the corrupt Kuomintang government and the shattering of my ideal to "save the nation through industry and commerce" educated me from the negative side. Out of patriotism, thinking that the Communist government would not be worse than the KMT government in any case, I stayed in Shanghai when it was liberated and later on, I joined the ranks of the builders of New China. In liberating Shanghai, when the reports of guns just subsided, numerous fighters of the People's Liberation Army ate in the wind and slept in the dew on the streets day in and day out and persisted in not entering the civilians' homes. I was deeply moved by the scene. Compared with the KMT army ruffians who were playing the tyrant in town a few days ago, the PLA was really the People's Army, which did not commit the slightest offense against the civilians. Thus I began to have a good opinion of the newly born regime. Moreover, through my contacts with party and government leaders, I felt that they were full of vigor, trustworthy, and hard working.

Particularly, the policies of the party and the government protected industry and commerce, promoted economic development, and ensured social stability, and the party and the government dared to deal with tough enemies in the War to Resist U.S. Aggression and Aid Korea. All this made me instinctively believe that this government was trustworthy. As it continued to prosper and thrive, New China had bright prospects, and I believed I would be able to go all out to accomplish something in my career. In this way, I managed to pass the tests of the War to Resist U.S. Aggression and Aid Korea, the "three-anti movement," and the "five-anti movement" relatively smoothly. However, in my innermost soul, I was not mentally prepared for, and lacked an adequate understanding of, issues such as abandoning exploitation, betraying my original class, and taking the socialist road. What was the destiny of capitalist industrialists and businessmen in New China? Did the socialist cause have a promising future? Those were questions of utmost concern to all owners of private enterprises, including me.



With a keen insight into very detailed matters, Chairman Mao accurately discerned the uneasiness gripping the national industrialists and businessmen. In his two speeches, proceeding from their actual mental conditions, he straightforwardly raised the question of destiny with which they were concerned. From the height of historical materialism, he pointed out: So long as one binds his future with that of the state, he will be able to put his destiny and future in his own hands, and thus have bright prospects, because ours is a socialist country and the socialist cause is a very extensive undertaking and will develop day by day. Humorously, he urged industrialists and businessmen to get rid of the turmoil in their minds, which made them unable to think straight, and set their minds at ease. He said that in so doing, they would be able to sleep soundly.

These remarks stirred laughter of understanding among the audience. At that time, with our own experience, we witnessed that on the ruins of several decades of civil war and foreign aggression, New China made great successes in socialist transformation and construction in just six years. This proved that she had great vigor and vitality. Given several more five-year plans, it was imaginable how swiftly it would develop. Chairman Mao's remarks evoked memories of my past events: In old society, in the dozens of years after I inherited my father's businesses, although we had considerable amounts of capital, high social celebrity status, and even friendly relations with the power holders, ultimately we could not escape the calamity brought about by the Japanese aggressors and the KMT rotten regime's exploitation. Could the other national industrialists and businessmen have a better way out then? The facts have proven that the road of capitalism in China can be nothing but a road of colony or semi-colony, which means a dead end to industrialists and businessmen who want to become independent and upright Chinese. Therefore, according to my then-feelings, although I could not clearly figure out a blueprint for the future socialist society and what kind of people the capitalists would become after the completion of ideological remolding, I did foster the faith that if we do as Chairman Mao says and follow the Communist Party in embarking on the socialist road, we will move toward light and have bright prospects.

Chairman Mao was a great Marxist with a proletarian's breadth of vision. Uniting with those forces that can be united, bringing into play all positive factors that can be mobilized, and forming the broadest possible united front to win victory in revolution and construction was Chairman Mao's consistent thinking. In accordance with this thinking, when he led the new democratic revolution, on the basis of an analysis of social classes, Chairman Mao pointed out: Since the Chinese national bourgeoisie has a dual character, a policy of both alliance and struggle should be adopted towards it. During the socialist revolution and construction period, in accordance with this thinking, he put forth the policy of utilizing, restricting, and transforming capitalist industry and commerce. In his two speeches, Chairman

Mao pointed out: After the founding of the people's regime, the national industrialists and businessmen have a task of accepting socialist transformation. Nevertheless, instead of "a burden to the state," they are "a sum of asset income" for the state. They "oppose imperialism politically" and "are modernized and not handicraft-oriented economically," and so they "are useful and very useful" to socialist transformation and construction. He said with encouragement: In the last few years, the industrialists and businessmen have made a step further progress toward socialism, and so has the work among various democratic parties. He called on the industrialists and businessmen to step up education and publicity work and enhance their awareness in socialism. These sincere words and wishes of Chairman Mao greatly fired the enthusiasm of the vast numbers of industrialists and businessmen in taking the socialist road.

In view of the situation in which the industrialists and businessmen doubted if the party and the government would genuinely implement the buying-out policy, and some people even "bitterly cried behind closed doors at night while beating drums and gongs [in support of the policy] in daytime," in his speeches, Chairman Mao repeatedly expounded the buying-out policy under which fixed interest was given to the national bourgeoisie. In those years, internationally China, which just began to take the socialist road, encountered the blockage imposed by the imperialists and, domestically, while full-scale reconstruction needed to be launched, it was faced with fund shortages, and after the three big mountains [imperialism, feudalism, and bureaucrat-capitalism] were overthrown, the contradiction between labor and capital were gradually escalating. Therefore, there was resentment within the working class toward the government's buying-out policy, and even not all the middle and petty bourgeoisie agreed to the policy. In viewing the situation, Chairman Mao solemnly declared: The fixed interest will be set unchanged for seven years and if problems remain unsettled by then, it will be wise to prolong the set time for a little longer. He also pointed out: For fixed interest, "it is no good to fix too short a time. Redemption payments should be really carried out. It is not cheating." As far as the comrades who resented the policy were concerned, "they should be persuaded. Redemption payments should be continued to the end, and there must be no half-buying-out and half-confiscating practice." It was necessary to start and end something with great energy, rather than start it with great energy but peter out at the end. Because the big bourgeoisie was the main target of the buying-out policy, Chairman Mao criticized the "middle-and-petty (zhong xiao 0022 1420) line" which was then advocated by some comrades within the party that middle and petty bourgeoisie were the main targets which were to be united. He said: "Big capitalists are small in number, but they have large amounts of capital, which has a greater role to play than that of the middle and petty bourgeoisie. Therefore, the middle-and-petty line is wrong and it must be a big-middle-and-petty line." Chairman Mao had a broad and long-term view and was as good as

his word. His remarks educated and helped remove uneasiness among most capitalist industrialists and businessmen.

In his 8 August 1955 speech, he named my name on several occasions. While expounding the necessity to implement the "big- middle-and-petty line," he cited me as example to illustrate the great impact the party's work toward the national bourgeoisie had in the international community and at home. As a meeting participant, I was overwhelmed by this, and all sorts of feelings welled up in my heart. I was deeply moved by the concern and attention Chairman Mao paid to me. What he said greatly inspired me to remold myself thoroughly.

Very often, I recalled that within a short period of several years, I had luckily met Chairman Mao several times, dined with him, listened to his teachings, and enjoyed the cordial concern shown to me by him. My first meeting with Chairman Mao took place in June 1950, when, as one of the specially invited delegates, I attended the Second Plenary Session of the First National Congress of the Chinese People's Political Consultative Conference as a nonvoting delegate, and I was greatly honored to attend the reception given by Chairman Mao in Zhongnanhai's Yinian Hall to the nonvoting delegates participating in the session. When I entered the hall, Chairman Mao stood in front of the door warmly welcoming the guests. How modest and warm-hearted the leader of the people was. When Comrade Pan Hannian introduced me to Chairman Mao, grasping my hands, the Chairman said: "Here you are, Mr Rong. Welcome." His hands were both soft and strong. He also asked me: "How is your father (referring to my father Rong Desheng)?" By this time, my awkwardness as I entered Zhongnanhai for the first time had disappeared quietly. I felt as if the man who stood before me was a teacher with whom I was long acquainted, rather than the leader of a great nation and a great party. I gave my respects to him and answered his questions. During the reception, Chairman Mao encouraged us to do good things for the people and do so consistently. The more good things you do, the more famous you will become. The more good things you do to for the people, the more encouragement the people will give you. The people will never forget you. At a meeting in Beijing in October 1955, when meeting Chairman Mao, I expressed my hope to him that he would find time to go to Shanghai. He said that he had been to Shanghai in the past, but his arrivals and departures were not announced. One day in early January 1956, when I was working in my office in Shanghai, I suddenly received a telephone call from Comrade Chen Pixian, asking me to go home immediately. I hurried home and found Comrade Pixian already there waiting for me. He said that Chairman Mao had arrived in Shanghai to inspect the No 9 Shengxin Factory, and we immediately rushed to the factory. Not long after our arrival, driving in a car, Chairman Mao came to the factory. The moment he alighted from the car, he said to me: "I am here!" At the moment I was too excited to utter a word. I never imagined that he had actually kept what I said in Beijing in mind.

Chairman Mao's speeches urging the industrialists and businessmen to understand the laws governing social development and have their destiny in their own hands promoted the socialist transformation of capital industry and commerce and inspired the industrialists and businessmen to deepen their understanding, change their stand, willingly accept the leadership of the working class, and strive to ultimately become members of the working class. At the time he delivered his speeches, a question arose in my mind, which was both important and sensitive then: After China entered the period of socialist revolution, the antagonistic contradiction between the working class and the bourgeoisie has become the principal contradiction. Nevertheless, after experiencing the socialist transformation movement, class relations have undergone readjustments. Under China's historical conditions, can this antagonistic contradiction develop into a nonantagonistic one and be solved using different means as the nature of the contradiction has changed? I pondered the question again and again, and at last in my speech at the Third Plenary Session of the First National People's Congress, which was held on 30 June 1956, I openly aired my view and question mentioned above in the hope that Marxist-Leninist scholars and philosophical and social scientific workers would give me guidance and help. The moment the question was formally raised, it sparked one surging great wave after another. There were pros and cons on the issue, and some newspapers even opened special columns to discuss it. Seeing my situation, some friends with good intentions were even breathless with anxiety. At the 11th Session (Enlarged) of the Supreme State Conference, which was held on 27 February 1957, Chairman Mao delivered a speech on the correct handling of contradictions among the people, in which he clearly pointed out: "In our country, the contradiction between the working class and the national bourgeoisie comes under the category of contradictions among the people." "The contradiction between the national bourgeoisie and the working class is one between exploiter and exploited, and is by nature antagonistic. But in the concrete conditions of China, this antagonistic contradiction between the two classes, if handled properly, can be transformed into a non- antagonistic one and be resolved by peaceful means." Like a beacon, Chairman Mao's speech lit my heart, dispelled my misgivings, and encouraged me and all industrialists and businessmen to keep on remolding ourselves and advancing on the road of socialism.

Today, 36 years after Chairman Mao delivered his two speeches, China has entered a new period of socialist construction. The drive of reform and opening up to the outside world has brought about big changes to the land of China. Although the international situation is ever changing and there have been twists and turns in the world socialist movement, this will not shake the Chinese people's determination to take the socialist road. After recalling the past and comparing it with the present and restudying Chairman Mao's speeches, I deeply feel

that his teaching of clearly understanding the laws governing social development and taking one's destiny in his own hands is of great, immediate, and far-reaching historic significance.

### Science & Technology

#### Institute Plans To Launch Five More Satellites

OW1109121693 Beijing XINHUA in English 1201 GMT 11 Sep 93

[Text] Beijing, September 11 (XINHUA)—China is to launch five satellites within the next year, says a spokesman at the Chinese Research Institute of Space Technology.

They include a recoverable satellite to perform scientific experiments, a recoverable technical probing satellite, a meteorological satellite, a telecommunications and broadcasting satellite and an experimental satellite.

These satellites represent the newest and highest technological levels attained by China's satellite-making industry.

Since the beginning of the 1970s, China has sent 33 satellites into space.

#### Space Center Installs Storm-Monitoring System

HK1609094093 Beijing ZHONGGUO XINWEN SHE in English 0822 GMT 16 Sep 93

[Text] Xicheng, September 16 (CNS)—Deputy Chief Engineer of the Xichang Satellite Launching Centre, Mr. Wu Chuanzhu, speaking in an interview with this agency, revealed that a new system for early warning, forecasting and monitoring of storms had been successfully developed and the system had now been installed and was undergoing shakedown tests at the launch site in Sichuan province. After the system goes into operation, the accuracy of storm forecasting will be greatly enhanced.

A meteorological support system was installed at the launch centre more than 20 years ago. In order to further enhance the accuracy and level of automation of weather forecasting in order to ensure the safety of satellite launching, Chinese meteorological experts in space science circles started studying the new system in the early 1990s. After more than two years' efforts, the system has proved successful.

According to tests, the new system has five features including highly accurate forecasting, high precision in its positioning, good monitoring performance, low error rate in its orientation selection and direct and fast display. The system is able to display directly various kinds of data on its screen concerning celestial meteorology several hundreds of kilometres high above the launching centre with a more than 97 percent accuracy rate, thereby offering effective support to satellite launching.

#### Report on Unmanned Airplane Development

HK1009050093 Beijing ZHONGGUO XINWEN SHE in Chinese 0337 GMT 30 Aug 93

[By correspondent Yuan Decai (5913 1795 2088)]

[Text] Xian, 30 Aug (ZHONGGUO XINWEN SHE)—When more than 6,000 small unmanned planes have flown to all parts of the country and the world from Northwest Engineering University in Xian City, Shaanxi Province, this indicates that China's largest scientific research base for developing and producing unmanned planes has begun to take shape.

The small unmanned planes are high-technology products which include the latest scientific and technological achievements in the fields of machine engineering, electronics, optics, computer science, and compound materials. They can play a special role that cannot be replaced by manned planes in many fields of the national economy and national defense. The Unmanned Airplane Development and Research Center of the Northwest Engineering University successfully developed China's first small unmanned plane 30 years ago. After that, it continued to adopt new technologies, new materials, and new industrial techniques to more quickly enhance China's level of developing and producing unmanned planes. Today the research center has developed into China's largest scientific research center for developing and producing unmanned planes. It has successfully developed 13 different models of small unmanned planes, and has produced a total of more than 6,000 small unmanned planes. It has also exported launchers [yin jia 1714 2665] and two models of small unmanned planes, and the products have won favorable comments from foreign users.

Apart from developing and producing target planes used by the armed forces for military training, the research center has also produced on a trial basis some remote-controlled planes and multipurpose civilian unmanned planes, which have played a positive role in the fields of aerial survey, aerial photography, aerial prospecting, and overseeing and predicting such disasters as floods, fires, and drought. Not long ago, they developed the latest model of multipurpose civilian unmanned plane: "Aisheng," which can perform such functions as aerial tracing, watching, and identifying of ground targets, and aerial photography. The new product has aroused interest among domestic and foreign customers, and has laid a good foundation for the entry of the series' products into the international market.

#### Science University Recruits Scholars From Abroad

OW1009094493 Beijing XINHUA in English 0924 GMT 10 Sep 93

[Text] Hefei, September 10 (XINHUA)—The Chinese University of Science and Technology based in this capital of Anhui Province has recruited over 50 Chinese



scholars who completed overseas studies into its faculty or as part-time teachers since last year.

One of the most prestigious universities in China, the school has sent more than 1,500 lecturers and scholars to study abroad over past 14 years.

A university official said that 85 percent have returned and are working at the university.

He attributed the high rate of return to preferential policies for returned scholars issued by the university.

The policies include favorable treatment in terms of promotion, receiving research funds, housing and salary.

The returned scholars, some of whom now serve as deans or vice-deans, are playing an important role in the university.

Dozens of overseas scholars, including some from Taiwan, have been engaged as guest professors at the university.

While bringing fresh blood into the campus, the returned scholars have also improved their academic proficiency and have scored achievements in various fields.

Lu Jufu, who completed a doctoral course in Italy, has won a national prize for his remarkable research on astro-physics.

#### **Conference To Announce Antipollution Measures**

*OW1009135593 Beijing XINHUA in English 1329  
GMT 10 Sep 93*

[Text] Beijing, September 10 (XINHUA)—A series of economic measures to promote the prevention and treatment of industrial pollution will be announced at a national work conference in mid-October in Shanghai, a senior official at the State Environmental Protection Agency (SEPA) said today.

According to SEPA deputy director Wang Yangzu, one of the new moves calls for payment by those benefiting from environmental and ecological projects to those implementing them.

"When an area benefits from a reservoir, for example, the local government should pay people and governments in areas upstream for their work to keep the water free from pollution," Wang told a press briefing.

Also on the agenda of the second national work conference on prevention and treatment of industrial pollution are incentives for heavily polluting factories to move out of densely populated areas, and incentives for treatment of industrial wastes.

Industrial enterprises are responsible for about 80 percent of the country's pollution by waste gases, sewage and solid wastes, and their treatment "has always been an arduous task," Wang said.

Prevention and treatment of industrial pollution are now all the more difficult as China is changing from a planned economy to a market economy, according to the official.

Industrial enterprises are being allowed more and more autonomy. Meanwhile, said Wang, the existing legal and administrative measures are not effective enough to make all of them pay sufficient attention to environmental protection.

"There are enterprises which seek quick economic gains at the expense of the environment," he conceded.

The Shanghai conference, the second since 1982, will devise ways of strengthening government control to tackle problems like this, Wang said.

#### **Environmental Agency Says Sewage Polluters To Pay**

*OW1009152993 Beijing XINHUA in English 1352  
GMT 10 Sep 93*

[Text] Beijing, September 10 (XINHUA)—Local governments will soon start collecting a fee on sewage pollution discharged into rivers, lakes and the sea even if the pollutants are within the official limits, the State Environmental Protection Agency (SEPA) announced today.

The new rule became effective a month ago and fee collection will begin on September 15. "It is meant to control the amount of industrial waste discharged into the country's water courses," said SEPA Deputy Director Wang Yangzu.

On each ton of industrial waste, local governments will charge 0.05 yuan per month if the pollutants do not exceed the limits. The fee will be 0.1 yuan on waste exceeding the limits, Wang told a press conference.

"The new rule also means a change in our policy," he said. "We now pay equal attention both to the amount of waste discharged and the density of its pollutants. In the past, pollutants were our only concern."

The rule applies to industrial enterprises, hospitals and other institutions and individual businesses, but schools, nurseries, kindergartens and homes of the aged are exempt from the fee, Wang said.

Local governments throughout China will collect an annual average of 500 million yuan in these fees, which will be used to support local environmental protection work.

A portion of the money will be specially earmarked to re-equip local pollution monitoring stations, Wang said.

The fee ranges from three to nine yuan for every 10,000 yuan in the production cost of paper-making, chemicals, food, machine building and textile industries which are

responsible for the bulk of the industrial waste produced in China. "Surely that will not cause hardship to enterprises," Wang said.

According to a SEPA bulletin published earlier this year, industrial enterprises across China discharged 23.39 billion tons of waste last year, less than in 1991.

The bulletin classified 48 percent of China's river courses as polluted or heavily polluted.

### **Sports Information Center Uses High Technology**

*HK1409061293 Beijing XINHUA Domestic Service in Chinese 0853 GMT 10 Sep 93*

[By reporter Zhang Jinsheng (1728 6930 0523)]

[Text] Beijing, 10 Sep (XINHUA)—China has scored successes in spreading application of an imported highly advanced, fault-tolerant technique for computer network engineering. Presently, the computer system, supported by technology involving great complexity, is operating at a high level in a number of projects, including Beijing Nanfang Securities Company, Limited, and the Seventh National Olympics. This shows that China is fully competent to independently implement electronic service to large-scale international sports meets and providing information on securities.

The NOVELL network technology imported by Beijing Tiqiang Electronic Engineering Company, Limited, comprises long-distance communication, real-time control, real-time transmission, centralized computer network technology, telecommunication technology, graphic processing, image processing, and multiple media technology. The NOVELL SFT3 fault-tolerant technique in this technology has realized fault tolerance in the entire network system, namely, computers in the entire network will continue to operate normally when one of the master consoles is out of order and continued operation of the huge data processing system is insured.

Working day and night, Beijing Tiqiang Company has overcome one bottleneck after another, and successfully set up a wide ranging network with the National Olympic Sports Center as its center with approximately 30 sub-networks. This large-scale computer network system, involving high technology and a complex structure has enabled people to make inquiries about all information of the Seventh National Olympics at any site and receive fast, accurate information; in addition, the overall situation can be reviewed at any spot. Relevant experts believed that China has entered the world advanced rank in supplying intelligence for sports.

### **Economic & Agricultural**

#### **Zhu Rongji Inspects Shenzhen Banks**

*HK1609033893 Hong Kong LIEN HO PAO in Chinese 16 Sep 93 p 10*

[Report from Shenzhen by reporter Hsu Yun-teng: "Zhu Rongji Listens to Reports by Bank Managers in Shenzhen; Stresses Need To Stabilize Currency Value and Commodity Prices"]

[Text] To work out methods for reforming the mainland banking system and to find out the financial situation, Zhu Rongji, vice premier of the State Council, listened to work reports by the managers of various banks in Shenzhen. He pointed out that stabilizing the value of the currency and commodity prices is an important task at present. In addition, he also said that it is inadvisable to change the four major functional banks into commercial banks under the "joint-stock system."

Zhu Rongji hopes that Shenzhen will quickly establish a financial market which has fair competition, good order, and which converges with the international financial market, thus becoming the model for other parts of the mainland.

As for the future orientation of the development of the banking system, Zhu Rongji said that an operation mechanism with the existing commercial banks as the main body should be established. He said that it is also necessary to set up three new policy-oriented banks, an urban credit cooperative bank, and a rural credit cooperative bank.

He pointed out that the main function of the People's Bank of China is to exercise macroscopic regulation and control, by means of carrying out the monetary policy, and to manage the open market operation.

#### **Liu Zhongli Discusses Financial, Tax Order**

*OW1609101493 Beijing XINHUA Domestic Service in Chinese 0953 GMT 13 Sep 93*

[Text] Beijing, 13 Sep (XINHUA)—Finance Minister Liu Zhongli was recently interviewed by XINHUA reporters on the implementation of the policy measures of the party Central Committee and the State Council on strengthening macroregulatory control in the financial sector.

[XINHUA] To promote the healthy development of the national economy, in the first half of this year the party Central Committee and the State Council, in addressing contradictions and problems existing in economic operations, studied and formulated a series of policy measures aimed at strengthening macroregulatory control—with consolidating financial and taxation work as one of their important contents. Can you please elaborate on how these guidelines are being implemented in the financial departments?



[Liu] Since the beginning of this year, the party Central Committee and the State Council have attached great importance to financial and taxation work and have explicitly demanded, in the policy measures on macro-regulatory control issued so far, the strengthening of fiscal and taxation work. At the national fiscal and taxation work conference held in July, a leader of the State Council delivered an important speech, calling for "rectifying financial and taxation order, tightening financial and economic discipline, strengthening tax collection and management, and accelerating financial and taxation reform"; and employing the rules observed by the financial and taxation departments. Since then, the State Council has successively issued several circulars on such issues as strengthening tax collection and management and strictly controlling tax reductions and exemptions; on stringently curbing fiscal expenditures and the excessive growth of institutional purchases; and on launching the 1993 general inspection on taxation, accounting, and commodity prices. The State Council has also made special arrangements for carrying out these tasks. These policy measures have not only had very important, realistic significance in promoting the development of the national economy in a better and speedier way, but they have also provided a good opportunity to strengthen financial and taxation work as well as to alleviate financial difficulties.

To implement the measures of the party Central Committee and the State Council on macroregulatory control to the letter and as soon as possible, the Finance Ministry has made relatively thorough arrangements and formulated the following series of measures for implementation:

First, instructing localities with projected budget deficits this year to adjust their budgets within a specific period and to ensure a revenue-spending balance in accordance with the relevant articles of "The State Budget Management Regulations" and the pertinent resolutions of the second meeting of the Eighth National People's Congress Standing Committee.

Second, suspending the examination and approval of all tax-reduction and tax-exemption applications submitted on a temporary and hardship basis, while organizing relevant departments to screen and check the overstepping of authority by various localities in adopting tax-reduction and tax-exemption policies on their own.

Third, demanding that various localities and departments cut their spending in holding meetings by 20 percent based on what had been budgeted early this year, and limiting purchases of office equipment to state-controlled quotas and not adding additional funds to such purchases. Starting in July, the examination and approval of all applications submitted by administrative institutions, as well as enterprises running at a loss, or with overdue tax payments, or without sufficient special funds at their disposal, to purchase controlled merchandise, including small cars, will be suspended.

Fourth, ensuring the availability of funds for procuring agricultural and sideline products, while prohibiting grain enterprises from adding new financial credits because of the unavailability of financial subsidies. For localities which increased their grain purchase credits in the first half of this year, the Finance Ministry will withhold the central government's special financial subsidies for the localities and directly transfer the subsidies to them, through the People's Bank, to local specialized banks responsible for extending loans to grain enterprises.

Fifth, demanding that funds for state treasury bonds be deposited with the Treasury within the designated period to ensure the funds' availability for key state projects.

Sixth, thoroughly checking the practices of all registered accounting offices throughout the country, to be carried out in three stages; namely self-examination by all registered accounting offices, mutual checks among accounting offices at the provincial, municipal, and autonomous regional levels, and random checks by the National Registered Accountants Association.

Seventh, screening and checking economic entities sponsored by the financial departments and their affiliated units and studying and formulating concrete procedures for separating such entities from their sponsors.

Eighth, holding special meetings to make arrangements for this year's General inspection of tax collection, accounting, and commodity prices and setting priorities, steps, and time limits for the inspection.

[XINHUA] What are the results after taking the aforementioned measures?

[Liu] Currently, financial and taxation departments at various levels are actively implementing these measures and have achieved initial results. Concrete manifestations are as follows: The circulation and subscription of state Treasury bonds have been overfulfilled with 30.57 billion yuan already deposited toward the Treasury by the end of August. Of the nine localities with projected budget deficits for this year, some have readjusted their budgets as demanded, while others have either made partial adjustments or have been in the process of carrying out a year-end balancing of revenue and spending. The discipline-violating practice of unauthorized and self-approved tax reductions and exemptions has been brought under control; various localities have taken action to screen and rectify unauthorized tax-reduction and tax-exemption cases they had previously approved; and examinations and the approval of applications for tax reductions and exemptions on a temporary and hardship basis have come to a halt. The trend of the excessive growth of institutional purchases has been brought under control somewhat, and the volume of institutional consumption nationwide dropped by 2.7 percent in July. The portion of grain and cotton procurement funds covered by the state budget has been delivered to localities in full and on time; and the Finance

Ministry accordingly has withheld some 1.4 billion yuan of special funds for localities which increased their grain-purchase credits in the first half of this year, thus guaranteeing the availability of funds for procuring agricultural and sideline products to a certain degree. Most of the accounting offices throughout the country have seriously carried out self-examination as demanded by the Finance Ministry, some provinces and municipalities have organized accounting offices to carry out mutual checks, and the National Registered Accountants Association is currently carrying out random checks on some key accounting offices for violations of professional ethics and serious quality problems. The nationwide general inspection of tax collection, accounting, and commodity prices is under way. The work of screening various funds and consolidating companies affiliated with the financial and taxation department is also in full swing.

The implementation of the state budget also shows positive results from measures adopted by the party Central Committee and the State Council on macro-regulatory control. As of the end of August, 254.849 billion yuan of revenues had been collected nationwide, which accounts for 59.9 percent of this year's budgeted revenue and which represents an increase of 20.239 billion yuan, or 8.6 percent, over the corresponding period last year. Judging from the trend in the past few months, revenue collection has been edging upward month after month. Compared to the corresponding period last year, accumulated collections were down by 2.2 percent by the end of May, and were up by 1.4 percent, 5.3 percent, and 8.6 percent by the end of June, July, and August, respectively. Nationwide expenditures had totaled 245.097 billion yuan, which accounts for 55 percent of the budgeted figure and which represents an increase of 19.6 billion yuan, or 8.7 percent, as compared to the corresponding period last year. Expenditures in the past few months have been on the decline each month. Compared to the corresponding period last year, accumulated spending was up by 15.9 percent, 12.5 percent, 9.2 percent, and 8.7 percent by the end of May, June, July, and August, respectively.

[XINHUA] How should the work of consolidating the financial and tax order be carried out in the next phase?

[Liu] The results achieved in consolidating the financial and tax order so far are only initial and episodic. Judging from the progress in implementing the budget, the pace of revenue collection, which is picking up again, is not stable; there is a relatively big gap between the rate of revenue increase and economic growth; the deficit situation in some productive sectors remains unchanged; and a shortage of funds has precluded the implementation of budgeted expenditures for some key items. Therefore, we are still facing rather formidable tasks in consolidating the financial and tax order, reinforcing financial and tax discipline, strengthening tax collection and management, and controlling fiscal expenditures and the excessive growth of institutional purchasing. We must recognize the long-standing problems and complex

contradictions in implementing our state budget. Some of these are caused by a defective system or loopholes in rules and regulations, and others are caused by one-sided thinking and understanding or a failure to strictly enforce the law. Solving these problems cannot be accomplished overnight, and we will need meticulous and painstaking follow-up efforts. Should we demonstrate unrealistic optimism over the initial results and lower our guard, we may encounter relapses in some sectors. Therefore, while carrying out the work of consolidating the financial and tax order in the next phase, fiscal and tax departments at all levels should, in accordance with the guidelines of the party Central Committee and the State Council, relentlessly implement the policy measures in order to continuously solidify and increase the results achieved so far.

To fundamentally alleviate financial difficulties, we must accelerate the pace of financial and tax reform and establish a new financial and tax system in line with the objective demand of the socialist market economy. Recently the State Council's executive meeting approved a general plan for financial and tax reform. In the next few months, the fiscal and taxation departments at all levels must conscientiously carry out estimates of and the drafting of the reform plan while paying close attention to consolidating the financial and tax order, so as to ensure the smooth progress of the financial and tax reform as planned.

#### **Ministry Issues First Machine-Building Policies**

*HK1609025093 Beijing XINHUA Domestic Service in Chinese 0904 GMT 10 Sep 93*

[By reporter Zou Qingli (6760 3237 7787)]

[Text] Beijing, 10 Sep (XINHUA)—The Ministry of Machine-Building Industry, which has just been established, held its first information release conference today. At the conference, it released some information about macroeconomic management, including policies and measures for economic development on a considerable scale in machine-building enterprises, guidance for readjustment, transformation, and development of major products of the machine-building industry, and policies on techniques and fitting out technologies for technological transformation within this industry.

Bao Xuding, vice minister of machine-building industry, said at the conference that at present, the scale of China's machine-building industry is quite small and its development is still at a rather low level. Some products, which are suitable for being produced on a significant scale, are still put in small-scale production at separate production points. As a result, both the technological level and overall economic returns of such production are very low. To improve the situation, the Ministry of Machine-Building Industry has promulgated standards for the economic scale of 35 products and technologies, including sedan cars, medium and small-power internal-combustion engines, and electric meters. According to

these standards, the starting economic scale for production of sedan cars is to produce 150,000 cars, and the most suitable scale is 300,000. Bao Xuding required various localities to effectively apply these standards in production of the above-mentioned products while readjusting the structure of their machine-building industrial products, especially while examining and approving projects for investment in fixed assets.

The "Guidance for Readjustment, Transformation, and Development of Major Products of the Machine-Building Industry" promulgated at the conference offered three ideas for the readjustment and development of major products of the machine-building industry: First, the distribution of areas producing major machinery products; second, the development of major machinery products in various provinces, autonomous regions, and municipalities, as well as in various cities that are given economic decisionmaking power of a provincial level; and third, the machinery products whose production should be restricted or abandoned.

Referring to techniques for technological transformation in the machine-building industry and policies on technological equipment, Bao Xuding mainly talked about the "Certain Regulations on Technological Transformation in the Machine-Building Industry During the Eighth Five-Year Plan and on Achieving Technological Progress." The main points are: Technological transformation must be carried out in light of the market demands so that the quality, variety, and capability of production can be increased in a comprehensive way; all enterprises should carry out technological transformation around the development of brand-name, fine-quality, and special products and the commercialization of new products; and technological transformation should be based on the task of increasing technological levels.

#### **'Leader' Urges Diversification of Export Markets**

*HK1609060193 Hong Kong TA KUNG PAO in Chinese  
8 Sep 93 p 4*

[*"Special dispatch": "Central Leader Urges Diversified Development of Foreign Trade Markets with the Focus on Russia and Southeast Asia"*]

[Text] Beijing, 7 Sep (TA KUNG PAO)—A State Council leader recently stressed when talking about China's strategy for developing foreign trade that it is necessary to continue the diversification of export markets, quicken the pace of reform, adjust the structure of export commodities, and enhance commodity quality.

The State Council leader said: In the first half of this year, China's exports increased by 4 percent. Greater efforts should be made in the second half of the year in order to fulfill the export target laid down by the state. In the future, the strategy for developing foreign trade is:

First, diversifying markets. At present, over 70 percent of China's commodities is exported to Hong Kong, and

25 percent is exported to North America and Western Europe. Absolute trade liberalism and absolute trade protectionism are both absurd and will not appear. The less diverse the export market, the more risks there will be; the more diverse the export market, the fewer risks there will be. In the future, China's foreign trade should first be developed with Russia; second, with Southeast Asia; third, with the Middle East and Gulf countries; and fourth, with the African countries. Russia has a population of 180 million people, and has rich resources for exchange; Southeast Asia is a major market for mechanical and electric products and sets of equipment; the volume of trade in the Middle East and Africa exceeds \$100 billion, but China now only holds a very small share. While doing business with these regions, it is necessary to adopt more flexible forms. We should have large and small trade transactions with them and should be willing to deal in all kinds of commodities.

Second, quickening the pace of transforming business operation mechanisms of foreign trade enterprises and transforming management functions of government departments concerned. At present, some localities have changed old methods of doing export business, and have introduced competition and incentive mechanisms to increase the rallying force of enterprises. Sooner or later, all people will be able to engage in foreign trade, so the earlier foreign trade departments and state-owned foreign trade enterprises complete internal adjustments, the more favorable conditions they will have.

Third, adjusting the structure and enhancing the quality of export commodities. It is necessary to adjust the commodity structure according to the needs in the international market as soon as possible. In the whole country, it is necessary to increase export of products with higher added value, such as mechanical and electrical products and sets of equipment. While serving the overall interests of the whole nation, various localities should also develop their own "leading" products. It is necessary to attach great importance to the quality of export commodities. This is an issue concerning the reputation of our country. Commodity inspection department should make investigations at all ports, and should mainly check counterfeit and inferior commodities sold by some individually run businesses. However, state-owned companies acted slowly and failed to occupy the market with good-quality commodities and to fully play a role as the main channel. This also gave an opportunity to some people.

The State Council leader said: Specialized foreign trade companies should continue to pursue the principle of "specializing in one category of commodities and diversifying business in all fields." This is a good method that meets the new situation of the socialist market economy. However, they must never give up their "specialization" and be only keen to spend money on profitable things. They should not get involved in real estate and stock speculation. They should consistently concentrate on making foreign exchange earnings through doing export



business. State-owned foreign trade companies should mainly earn foreign exchange for the state.

Foreign trade enterprises may launch joint ventures with productive enterprises. They may set up enterprise groups, launch cooperation projects, and even diversify and internationalize operations. Groups can also be formed among foreign trade enterprises. In short, they should join hands in developing foreign trade and should not kill each other. In the future, management in this regard can be strengthened through the chamber of commerce.

The State Council leader also pointed out that according to overseas comments, the level of foreign trade fairs and exhibitions was not high enough, so they should be upgraded. There are two methods. One is to participate in the influential international fairs, and the other is to organize large-scale and high-level fairs and exhibition on our own. We should not continue to ruin our own image by holding low-level fairs.

#### **Labor Official on Employment, Wage Reform**

*OW1609082293 Beijing XINHUA in English 0744 GMT 16 Sep 93*

[Text] Kunming, September 16 (XINHUA)—China, which is developing a socialist market economy, is deepening the reform of its labor employment and wage systems.

According to Zhu Jiazhen, vice minister of labor, "the reform of labor employment and wage payment is proceeding well."

China began the reform of labor employment and wage payment in enterprises as early as the mid-1980s and the pace has accelerated since last year.

More than 30 million enterprise employees are now covered by this national reform program. Of these, 24.52 million are contract workers, accounting for 22.7 percent of the nation's total number of workers.

Under the previous system, once a person was employed by an enterprise, he would enjoy the cradle-to-grave welfare and stable payment provided by his workplace and stay there for ever, unless he broke discipline or had to be given disciplinary action.

In the 1980s, China began to try out the contract work system, under which the labor relations between employees and enterprises are defined by contract.

"Such a contract system is appreciated by people," the vice minister noted.

The reform of the wage system in enterprises is to further link employees' wages with economic results.

A survey shows that more than 100,000 enterprises across the country have carried out such reform in various forms involving 41 million employees, accounting for more than 60 percent of the total.

Now more than 2,500 enterprises across the country are linking employees' wages with their skills and posts.

Over 500,000 enterprises, accounting for about 90 percent of the total in the country, with 85 million staff members and workers and 17 million retired ones, have participated in an overall social security plan for pensions.

"This has greatly helped enterprises to alleviate the financial burden," said an official of the Ministry of Labor.

In the past, all the pensions, medical care and welfare of the retired staff were provided by their enterprises. The older an enterprise was, the more retired people it had and the heavier the financial burden it shouldered.

During the reform, the state set up a social insurance bureau to take care of the pensioners. Enterprises who participate in this scheme pay to the bureau a proportion of funds for pensions according to the total employees' wages bill.

Since last year, workers and staff members in 22 provinces and cities have been encouraged to pay two percent of their wages towards the pension fund. Together with the payments of the state and the enterprises, this forms a new social security set-up.

With the national economic reform and social development, the problems of employment are arising in China.

To solve the problems, China has set up 2,190 security organizations specially for the unemployed, 9,760 units to help people find suitable jobs and 2,200 skill training centers.

In the first six months of this year, a record 656,000 unemployed people across the country received social relief and 172,000 of them found new jobs.

China has more than 220,000 mediation committees in addition to 2,800 locally-run labor dispute arbitration organizations. They are aimed to help solve labor disputes.

According to the vice minister, China's labor and wage system includes labor, wages and social security.

"The smooth reform has played an important role in ensuring a steady development and social stability," he said.

#### **State Plans 'Big Step' in Financial Reform**

*HK1509123293 Hong Kong TA KUNG PAO in Chinese 11 Sep 93 p 7*

["Special article" by staff reporter Li Ping-hua (2621 3521 5478): "Chen Yuan, Vice Governor of the Chinese People's Bank, Stressed That China Will Make a Big Step Forward in Financial Structural Reform This Year"]

[Text] Beijing, 10 Sep (TA KUNG PAO)—One of the major tasks of the CPC Central Committee and the State Council in strengthening macroeconomic regulation and control over the national economy this year is to solve the problem of disorder in financial circles. Of the 16 measures adopted for strengthening and improving macroeconomic regulation and control, 11 have something to do with this major task. The central authorities pointed out that in the course of deepening reforms, it is particularly necessary to speed up the pace of reform of the financial structure, the investment structure, and the profit tax structure. China's financial structural reform has been followed with interest by people from the economic and financial circles both at home and abroad.

#### Defects in the Financial Structure

Chen Yuan, vice governor of the Chinese People's Bank, was invited to a seminar on international investment this morning. The seminar was called "China's Investment Opportunities." At the seminar, Chen Yuan made a speech before the economic and financial attendees from China and the United States on relevant situations. His speech was entitled "China's Financial Structural Reform in Prospect."

The progress of China's financial reform from 1978 to 1992 has brought about great changes in China's financial system and other operational mechanisms. Before 1978, China had only a Chinese People's Bank and several rural credit cooperatives. Now, apart from the central bank, there are also four national professional banks, nine national and regional commercial banks, 387 financial trust and investment companies, 87 professional securities companies, 29 financial companies, 11 financial leasing companies, 59,000 rural credit cooperatives, 3,900 credit cooperatives in the cities, and 225 representative offices and 93 operational offices of foreign financial institutions. The transition from a "monopolized" banking system to a system of plural financial institutions has been completed.

At the same time, China's monetary market, providing loans within the same trade as its main business, has developed to a considerable scope. Its annual turnover has reached about 200 billion yuan. Capital market has developed from scratch, and a considerable development has been achieved in the markets of state bonds, enterprise bonds, and in the stock market. The degree of intensification of China's financial reform has been greatly increased. By the end of 1992, total money supply reached 2.54 trillion yuan, and its ratio against the year's gross national product reached 105.8 percent, which was higher than other developing countries.

In his speech, Chen Yuan pointed out: There are still some defects in China's financial structure. The problems emerged in China's economic and financial operations last year and the first half of this year are reflections of these defects. The main defects are: Government administration is not separated from management of

professional banks, and the management is too administrative; the development of the financial market is immature and laws and regulations are not perfect; the unitary macroeconomic regulation and control of the central bank are weak; legal construction for financial affairs is slow; and the development of basic financial systems, such as financial statistical, accounting, and payment systems, has lagged behind and cannot suit the demands of the market economy.

#### Perfect Financial Organizational System

Chen Yuan continued: The basic tasks for China's financial structural reform are: To perfect and improve China's financial organizational system, establish a unified, open, and strictly managed financial market for competition in a good order, and establish a powerful central banking system.

First, it is necessary to establish a financial organizational system, with the state-owned commercial banks as the main body, which is operated by various financial institutions in a coordinated way and in light of their different businesses, and which has a risk responsibility mechanism and a self-restraint mechanism, so that a microeconomic basis can be established for optimizing the allocation of funds and strengthening the central bank's macroeconomic regulation and control. This includes:

#### Establish a Unified and Open Financial Market

—Establishing a policy bank [zheng ce xing yin hang] as soon as possible, starting with reform of the investment structure, so that policy finance and commercial finance can be separated. At present, it is preliminarily planned to establish three policy banks: a long-term development and credit bank of the state to take charge of accommodation of funds for construction of major projects, an import and export credit bank to provide sellers' credit loans in export, and an agricultural policy bank.

—Turning the state's professional banks into state-owned commercial banks, carry out independent operation, assume sole responsibility for profits, losses, and risks, and conduct self-restraint, and to perfect and develop communication banks and other commercial banks in accordance with the "Law on Commercial Banks," which will soon be adopted.

—Offering correct guidance for non-banking financial institutions to ensure their steady development, appropriately develop all kinds of professional insurance companies, trust and investment companies, securities companies, monetary leasing companies, enterprise group financial companies, and other financial institutions, and carry out separate management over the insurance, securities, trust, and banking businesses.

Second, it is necessary to establish a unified, open, and strictly managed monetary market in which competition

is carried out in good order. The basic characteristics of this market are: To increase the capacity of the monetary and capital markets, overcome regional separatism, and establish a unified market; under the supervision of the central bank, the main institutions entering the market are clearly delimited and their actions are standardized; in the monetary market, interest rates are decontrolled and the direct links between the monetary market and capital market are severed, while a basic balance between the two markets is maintained under the regulation and control of the central bank; the monetary market will become a place for the central bank to use its monetary policy as a tool to regulate and control the quantity of money supply; and in the capital market, strict control and supervision will be exercised over the main body and total amount of money issuance in the first-class markets while relaxing price control in the second-class markets.

#### Step Up Drafting of Financial Laws and Regulations

Third, it is necessary to establish a powerful central banking system. This is also the focus of reform of the financial structure. It is necessary to reform the system of monetary policy and make clear that the main objective of the central bank's monetary policy is to maintain stability of the value of the renminbi and its intermediate objective is to turn credit scale and cash issuance into an amount of money supply. It is necessary to establish an operational system for regulating and controlling the amount of money supply, with the above-quota reserves of commercial banks as an objective of operation. It is necessary to make fuller use of monetary policy in the market as a tool; for example, to make market operation open to the public.

Chen Yuan believed that the implementation of the plan for reform of the financial structure should be guaranteed by a perfect legal system and strict financial supervision and management. Therefore, it is necessary to perfect the financial laws and regulations and strengthen supervision and management over financial affairs as soon as possible. At present, the drafting and revision of the "Central Bank Law," the "Commercial Bank Law," the "Law on Bills and Notes," and the "Insurance Law" are being stepped up so that they can be adopted as soon as possible.

In conclusion, Chen Yuan pointed out that China's reform of the financial structure will make a bigger and more substantive step forward this year. Through efforts over the next few years, a preliminary financial structure in China, which conforms to the needs of a developing socialist market economy, will be established very soon.

#### Bao Xin 'Letter' on Financial Restructuring

HK1409055293 Hong Kong LIAOWANG OVERSEAS  
EDITION in Chinese No 35, 30 Aug 93 p 2

["Letter from Beijing" by Bao Xin (7637 0207): "China Speeds Up Reform of the Financial and Taxation Structure"]

[Text] My friend:

The central authorities have achieved initial results in strengthening and improving macroscopic regulation, thus enhancing people's confidence and strength to further deepen reform, open up wider, and bring about a consistently rapid and healthy development of the economy.

In order to develop this excellent situation, the CPC Central Committee and the State Council promptly called a national work meeting on banking, financial, and taxation matters. The meeting analyzed the situation, summed up the experience, and put forward measures to further deepen reform, among the important content of which accelerating the pace of financial and taxation restructuring.

According to information provided by concerned authorities, on the basis of the rapid development of the national economy, tax revenues in the first half of this year also increased, but the extent of growth did not match the degree of production growth, and the state—particularly the central authorities—is still acutely short of financial funds. The major cause was that some localities and units violated the law of taxation; overstepped their authority; and arbitrarily reduced taxes or granted tax exemptions, widened the scope of tax reductions and exemptions, formulated their own preferential taxation policies, extended the time limit of tax reductions and exemptions, contracted the turnover tax [liu zhuan shui 3177 6567 4451], or even employed illegal means to evade state taxes, thus causing severe loss of state taxes.

Hence, participants in the meeting held that in the days to come, we must strengthen the administration of taxation, impose strict control on tax reductions and exemptions, and guarantee that the full amount of tax payments turned in to the state are promptly laid up in the state treasury. Meanwhile, we must speed up the financial and taxation restructuring so as to adapt to the situation of deepening reform, opening wider, and establishing a socialist market economy, thus bringing about consistently rapid and healthy development of the economy.

As far as I know, the central authorities have established a leading group for financial and taxation restructuring. Concerned departments at the central level are deliberating on and drafting a program on financial and taxation restructuring in line with the general train of thought, which is: "Rectifying financial and taxation order, enforcing financial and economic discipline, strengthening the administration of taxation, and speeding up financial and taxation restructuring." This is a systematic project that is being carried out on the basis of investigation and study, profound discussion, and extensive solicitation of opinions.

The urgent tasks for the central authorities at present are:



1. Strengthening the administration of taxation and imposing strict control on tax reductions and exemptions. For instance, new tax reduction and exemption policies will no longer be introduced this year, and the examination and approval of provisional and expedient tax reductions and exemptions will be suspended. For tax reductions and exemptions stipulated by policies, we should examine and approve them strictly in line with the administrative system of taxation. For reductions and exemptions of taxes that are stipulated by policies but are due, we should resume levying taxes immediately. All kinds of preferential taxation policies formulated beyond one's authority and without authorization are null and void. It has been learned that tax reductions and exemptions stipulated by state policies in the past, such as two years' of tax exemption and three years of tax reduction being enjoyed by foreign-invested enterprises, still should be implemented.

2. Imposing strict control over financial deficits and halting the practice of charging debts to bank accounts. From now on, financial deficits should be settled by issuing treasury bonds rather than by overdrawing bank accounts.

3. Without the authorization of the People's Bank, financial and taxation departments and their subordinate organizations are not allowed to set a foot in the commercial banking business, and cannot retain or misappropriate financial and tax revenues to grant credit loans, whereas the companies run by financial and taxation departments must sever links with them within a set time. Companies run by financial and taxation departments, particularly commercial banking companies, must sever links with financial and taxation departments. [repetitive passage as published]

4. Enforcing financial and taxation discipline, and carrying out nationwide taxation and financial inspection. As far as this inspection is concerned, apart from ordering the payment of various taxes that have been evaded, severe punishment will be meted out to units or persons who are held directly responsible for tax evasion for having knowingly violated the law and repeatedly committed malpractices.

I learned from concerned parties that apart from paying attention to this work, the central authorities also are speeding up the drafting of the program of financial and taxation restructuring. The main train of thought can be summed up in the following several aspects:

1. Implementing a financial system of tax division. That is, as far as the financial system is concerned, the task of levying taxes will not be divided up and separately assigned to local authorities, but financial revenue will be divided among the central and local authorities according to categories of taxes. Meanwhile, the system of separate levies will be implemented. That is, two groups of tax levying organizations will be established, and taxes within the realm of the central authorities will be collected by the central tax bureau, whereas taxes

within the realm of the local authorities will be collected by local tax bureaus. Taxes shared by the central and local authorities will be collected by the central tax bureau under unified policies, collection, and administration. After the collection of taxes is completed, shared taxes that should be obtained by the localities will be refunded to them. The principle is to share money, but not power.

2. Transforming the function of finance and reversing the trend of unreasonable financial charges. The major function of finance after the transformation is to strengthen macroscopic administration and regulation.

3. Differentiating categories of taxes and guaranteeing the requisite and regular expenditures of the central authorities.

4. Conscientiously implementing the "General Rule of Enterprise Financial Affairs" and the "Enterprise Accounting Standard" so as to standardize the principle of distribution between governments and enterprises. A system of accounting offices and accounting firms will be established and perfected.

5. Setting up and perfecting the legal system of taxation, and the mechanism of mutual independence and restraint of law enforcement and judicial organs, and insisting on administering taxation in accordance with the law.

In my opinion, by resolutely rectifying the banking, financial, and taxation order, and by accelerating the reform process, the China mainland's financial situation definitely will develop in a better way.

[Signed] Bao Xin  
22 August

#### State Institutes Trademark Agent System

OW1609100693 Beijing XINHUA in English 0919  
GMT 16 Sep 93

[Text] Beijing, September 16 (XINHUA)—China has instituted a network of trademark agents in a move to pursue internationally accepted practices, according to a national conference now in session here.

By the end of August, 76 trademark offices had been set up in 24 of the 30 province-level areas, delegates to the trademark conference said. Of these, 71 handle trademark registration and relevant matters for domestic clients and the rest for foreign customers.

Bai Dahua, deputy director of the State Administration for Industry and Commerce, said that the trademark agent system is a legal system instituted in most countries.

The administration decided to introduce that system as of July this year in accordance with China's revised trademark law and the detailed regulations for the implementation of that law, he told the conference.

Delegates agreed that under conditions of a market economy, a trademark is not only a sign for a commodity or service, but also represents the image of a producer and serves as an important means for a business to participate in market competition.

Government statistics showed that Chinese businesses applied for the registration of 85,000 trademarks in the first half of 1993.

### **Academics Hosts Symposium on Banking Reform**

*HK1609015193 Beijing JINGJI CANKAO BAO in Chinese 27 Aug p 4*

[Report by Liu Peng (0149 7720): "Roundup on Symposium on Speeding Up Reform of Banking System"]

[Text] The Central Party School DANGXIAO LUNTAN [PARTY SCHOOL FORUM and LILUN DONGTAI [THEORETICAL TRENDS] editorial departments and the Central Party School Teaching and Research Department of Economics invited economists and specialists in banking to participate in a symposium on reform of the banking system not long ago. The main viewpoints in their speeches are summarized as follows:

#### **The Nature and Expression of Confusion in the Financial Order Today**

Some scholars believed that the confusion in China's financial order today is essentially confusion of prices in the monetary market. Because generally speaking, financial order is precisely price order in the monetary market.

Confusion in the monetary market finds focal expression in: First, there is confusion in fluctuations in the price levels of the monetary market. On the one hand, interest rates of loans in the market have continuously risen in addition to the lack of restriction on the market from the demand of funds; on the other hand, the price level of currencies is far lower than the relative price level of goods; hence, inflation results. Second, there is structural confusion of prices in the monetary market. There is disorder in the price structure of such financial means as currency, bonds and securities; namely, interest rates, rewarding rates and dividends of securities cannot reflect the principle of relative balance between risks and profits. Third, confusion in subjective aspects of price-fixing in the monetary market. There are prices fixed by the administration, the company, and the black market; the various subjective aspects of price-fixing lack restriction of a plan as well as supervision from the market; hence, a credit crisis has taken shape.

#### **A Peculiar Phenomenon in the Currency Arena in China Today**

Some experts indicated that a phenomenon exists in the currency arena in China today, which is different from other countries; namely, the coexistence of inflation

resulting from speculation and normal insufficiency of production funds. On the one hand, prices are high in such markets as the real estate industry, foreign exchange, securities and futures, with serious inflation; on the other hand, in the normal production arena, there is a serious insufficiency of currency, with funds in extremely short supply; hence the continuous rise in loan interest rates. Because the real estates industry and other markets have amassed excessive free funds, which are moving arbitrarily from one speculative market to another, the demand for funds in normal production arena has not been met. In addition, some funds in the normal production arena have flowed into speculation under the temptation of huge profits, thus causing more serious inflation in the arena of speculation, whereas funds for production, in which money was in short supply, has grown even scarcer.

#### **Cause for the Confusion in the Financial Order**

1. Stagnation in banking restructuring. There has been no radical breakthrough in the old banking structure, and a new banking structure is not on the horizon. The People's Bank of China has failed to be a genuine central bank and is incapable of effectively formulating and implementing the state's monetary policy; the plan for money supply and credit loans has often been broken; loss of control in macrocontrol and regulation is a constant occurrence; and its control the banks and other monetary organizations has been weak. At the same time, professional banks have maintained their original monopoly status; in addition, there is no demarcation line between their operation in implementing policies and commercial operation. Thus, there are no commercial banks operating on their own.

2. Monetary legislation and administration fail to be compatible with development of the situation. As of today, laws for the central bank, commercial banks, negotiable instruments, corporations, stock exchanges, protecting investors, and so forth, are not on the horizon. Basically, there is not any law to abide by in the arena of finance; is it not true that confusion is natural under such circumstances?

3. Intervention and pressure from governments at all levels on banks at various levels are too great. The levying of arbitrary fund-collection in various places with support of local protectionism is strong.

4. The bank's internal control is incomplete and imperfect, and the quality of personnel in the banking business is low; consequently, incidents of violating the law and discipline in the banking arena have been frequent.

5. The contradiction between economic development and monetary policy. The fundamental goal of the monetary policy should be stabilizing currency; however, to stimulate economic development China has weakened the policy of stabilizing currency.

6. Shortcomings in the enterprise system. In many places, confusion in the financial order finds expression



in confusion in the transaction of funds between enterprises and the banking circles. Many enterprises in China have suffered from deficits for a long time, with chained debts taking shape; they may not repay their loans, and will not be held responsible for their debts.

#### **What Genuinely Lags Behind Is Reform of the Property Right Relationship**

Some experts believe that "stagnation in financial reform" is, in the final analysis, "stagnation" in enterprise reform; but there remained "soft restrictions in the budget," failure to cut back "policy-determined loans," supporting enterprises suffering from deficits, slow reaction by enterprises and governments at various levels to changes in interest rates, and so forth. This shows that what genuinely "lags behind" is reform in property rights relations that are closely connected to changes in the economic behavior of enterprises and governments at various levels, as well as to macroeconomic operation. We may put it that as long as those enterprises suffering from deficits for a long time cannot go bankrupt, but may rely on the government for subsidies and banks for credits, and banks cannot perform their functions, it will be impossible for the banking structure to operate according to the regulations of the market economy.

#### **Monetary Organizations Other Than the State-Owned Category Should Be Allowed To Develop**

Some experts indicate that the national income created by economies other than the state-owned category accounts for 50 percent of the gross national income, but in monetary activities, the proportion of nongovernment monetary organizations remains insignificant. The grounds for restricting their development was that they would "interfere with normal monetary order." Of course, we cannot say that such conditions can be entirely avoided. However, nongovernment monetary organizations are more rigid in observing the most important principle in banking, namely, "repayment of debts"; it is unimaginable that a nongovernment-run bank will make endless loans to one enterprise suffering from deficits, which invariably borrows money but never repays loans. Is it not precisely on this point that state-owned banks have been the worst to observe the "normal order"? The question lies in what kind of order is to be maintained. Is it necessary to set up a new order in line with laws governing the market economy? The development of monetary organizations other than the state-owned category is conducive to the central bank's control over the monetary order, because there is a true demarcation line between the interests of the two sides; things can be conducted in a "strictly business" way, because they are not in the same category of "state-owned" enterprises. In all countries pursuing the market economy, the central bank invariably controls the monetary order, and the effectiveness of the government's monetary policy is precisely based on such a foundation. We must refer to them on this point.

#### **A Strategy for Improvement**

Experts unanimously believe that to change the stern financial situation in China at present, the basic strategy lies in grasping banking as the key to promote the deepening of reform in its entirety.

Some experts contend that to magnify central macrocontrol and regulation does not mean repeatedly augmenting central administrative intervention. To improve the stern financial order at present, it is very necessary to magnify central macrocontrol and regulation. Nevertheless, such control and regulation should not be confined to utilizing central power and authority by simply tightening the credit scope and controlling the issuance of banknotes, but by seizing the opportunity, magnifying the strength of reform of the banking structure, deepening banking restructuring with market regulation as the key to remold China's banking structure according to the usual practice in market economic operations, making the goals of monetary policy explicit, and adhering to relaxing and invigorating in augmenting monetary control.

To accomplish this, it is first necessary to build an independent central bank system, which is a way to provide a fundamental cure in restricting administrative intervention at all levels. Second, it is necessary to make explicit that the chief goal of the monetary policy is to stabilize the monetary environment, especially price levels. And third, it is imperative to appropriately handle the relationship between augmented monetary control and relaxation.

#### **Government Issues Euro-Yen Bonds in London**

OW1509180793 Beijing XINHUA in English 1659  
GMT 15 Sep 93

[Text] London, September 15 (XINHUA)—The issuing of 30 billion Euro-yen bonds (283 million U.S dollars) by the Chinese Government was marked here today, showing China's return as a sovereign borrower to the European market.

Chinese Vice Minister of Finance Jin Renqing, the Nomura Securities Co. Ltd. Executive Managing Director K. Takanashi and representatives of 31 international financial institutions which purchased the bonds signed in the agreements.

This is the second issue of the Chinese Government bonds in Europe after the 300 million German mark deal in Frankfurt six years ago.

"The issue is aimed at absorbing fund for China's economic development, and mainly for the upgrading of our infrastructures," Jin said.

"The transaction is made according to our analysis on the international capital market. We've got a good timing. And we believe the 4 3/4 percent interest rate will attract investors," the Chinese vice finance minister said.

**State Considers Reforming Property Rights System***HK1409130193 Hong Kong CHING CHI TAO PAO in Chinese No 35, 6 Sep 93 p 29*

[From "China Economic News" column: "A Major Step To Be Taken in Reforming the Property Rights System"]

[Text] It has been learned from relevant authoritative departments that there is now a vague idea about the question of ownership and management system reform for state-owned enterprises, which is the common concern of business circles and economic theorists. Some state-owned enterprises will be gradually transformed into "corporate" enterprises, that is, limited liability companies solely funded by the state. This transformation under the modern enterprise system will be a token that China's enterprise reform is entering an institutionalized and pioneering stage.

Chen Qingtai, vice minister of the State Economic and Trade Commission, said at a meeting: The question of enterprise ownership and management is unavoidable as enterprise reform has developed to today's stage. The current methods of organization for and the ownership and management situation of state-owned enterprises are adapted to the planned economic system. But when the question of responsibilities, powers, and interests remains unsettled and in the absence of a stimulating mechanism that promotes enterprises making progress, it is difficult to adapt to the development of socialist market economy. The core of the form of modern enterprises is a legal entity system with enterprise ownership and management clearly defined. With such a system, everyone knows his responsibility, powers are clearly vested, and interests are clearly defined. Its typical form of organization is the "company system." Therefore, the first crucial step for state-owned enterprises to adapt to the development of market economy is to reform the ownership and management system and accomplish the reform of the enterprise system.

It has been learned that the reform of China's modern enterprise system will be carried out for different enterprises in an orderly way. By the end of the Eighth Five-Year Plan, one third of state-owned enterprises will have been transformed into "corporate" enterprises. To adapt to ownership and management reform, it is necessary to institute the "corporate" management structure and operational mechanisms and corresponding leadership mechanisms and to formulate a series of regulations and rules for the financial, accounting, personnel, labor, distribution, management, and other sectors.

**Amended Text of Economic Contract Law***OW1609043193 Beijing XINHUA Domestic Service in Chinese 0343 GMT 3 Sep 93*

[Text] Beijing, 3 Sep (XINHUA)—The Economic Contract Law of the People's Republic of China

Adopted at the Fourth Session of the Fifth National People's Congress on 13 December 1981

Amended in accordance with the "Decision on Revision of 'the Economic Contract Law of the People's Republic of China,'" adopted by the Third Session of the Eighth National People's Congress Standing Committee on 2 September 1993

**Contents****Chapter I General Principles****Chapter II The Conclusion and Performance of Economic Contracts****Chapter III The Modification and Rescission of Economic Contracts****Chapter IV Liability for Breach of An Economic Contract****Chapter V Mediation and Arbitration of Economic Contracts Disputes****Chapter VI Administration of Economic Contracts****Chapter VII Supplementary Provisions****Chapter I General Principles**

Article 1. This Law is formulated for the purpose of ensuring a sound development of the socialist market economy, protecting the lawful rights and interests of parties to economic contracts, safeguarding the social economic order, and promoting socialist modernization.

Article 2. This Law is applicable to contracts signed between legal persons who are equal civil parties, other economic organizations, self-employed workers or traders, and rural households operating on contract for the purpose of realizing certain economic goals and clarifying each other's rights and obligations.

Article 3. Economic contracts, except those in which accounts are settled immediately, shall be in written form. Documents, telegrams, and charts that relate to amendment of a contract and are agreed upon by the parties through consultation are also integral parts of the contract.

Article 4. In concluding an economic contract, the parties must comply with laws and administrative regulations. No unit or individual may use a contract to engage in unlawful activities, disrupt social economic order, or damage the interests of the state or the public interest, seeking illegal income.

Article 5. In concluding an economic contract, the parties must implement the principles of equality and mutual benefit, and achieving agreement through consultation. No party shall impose its will on the other party and no unit or individual may illegally interfere.

Article 6. As soon as an economic contract is formed according to the law, it has legally binding force, and the parties must fully perform the obligations stipulated in the contract. No party shall unilaterally modify or rescind the contract.

Article 7. The following economic contracts are null and void:

1. Contracts that violate the law or administrative regulations;
2. Contracts that are signed through the use of fraud, duress, or similar means;
3. Contracts signed by an agent who exceeds the scope of his power of agency or contracts signed by an agent, in the name of his principal, with himself or with another person whom he represents; and
4. Economic contracts that violate the interests of the state or the public interest.

Economic contracts that are void, from the time they are concluded, have no legally binding force. When a part of an economic contract is confirmed to be void, if the validity of the remainder is not affected, the remainder shall still be valid.

A void economic contract shall be confirmed by the people's courts or arbitration agencies.

Article 8. The provisions of this Law shall apply to all contracts for purchase and sale, construction projects, processing, transportation of goods, supply and use of electricity, storage and safekeeping, lease of property, loans, property insurance, and other economic contracts, with the exception of those which are governed by other provisions of law.

## Chapter II The Conclusion and Performance of Economic Contracts

Article 9. An economic contract is formed once both parties have, in accordance with the law, reached agreement through consultation on the principal terms of the contract.

Article 10. In concluding an economic contract on behalf of the other party, before the contract directly gives rise to rights and obligations on the part of the authorizing person, the agent must first obtain an authorization from the authorizing person and sign in the name of the authorizing person within the scope of the authority granted.

Article 11. If an economic contract concerns any mandatory plan issued to enterprises by the state according to needs, it shall be concluded between the enterprises concerned according to their rights and obligations as prescribed by relevant laws and administrative regulations.

Article 12. An economic contract shall contain the following principal terms:

1. The object (referring to goods, labor services, construction projects, etc);
2. The quantity and quality;
3. The price of remuneration;
4. The time limit, place, and method of performance; and
5. The liability for breach of contract.

Terms that are stipulated by law or that must be included by virtue of the nature of the economic contract, and terms that one party insists upon, shall also be principal terms of an economic contract.

Article 13. When currency is used to perform obligations under an economic contract, except as otherwise provided by law or administrative regulations, Renminbi must be used for purpose of computation and payment.

Except for cases in which the state permits the use of cash to perform obligations, settlements must be made by means of transfers between bank accounts or by means of negotiable instrument.

Article 14. One party shall pay a deposit to the other party. After the economic contract is performed, the deposit shall be returned or set off against the price.

If the party that pays the deposit does not perform the contract, it shall have no right to claim return of the deposit. If the party that receives the deposit does not perform the contract, it shall return twice the amount the deposit.

Article 15. If a party to an economic contract requests a guaranty, a guarantor may provide the guaranty. When the guaranteed party does not perform the contract, the guarantor shall be required to perform the contract or be held jointly and severally liable according to the terms of the guaranty.

Article 16. After an economic contract has been confirmed to be void, the parties shall return to each other any property that they have acquired pursuant to the contract. If one party is at fault, it shall compensate the other party for losses incurred as a result; if both parties are at fault, each party shall be commensurately liable.

As to contracts that violate the interests of the state or the public interest, if both parties have acted willfully, the property that has already been acquired or that has been stipulated to be acquired by both parties shall be recovered and turned over to the State Treasury. If only one party has acted willfully, the willful party shall restore to the other party any property acquired from such other party; the party that has not acted willfully shall turn over to the State Treasury any property already acquired from the other party or stipulated to be acquired.

Article 17. The terms regarding the quantity, quality, packaging quality, and prices of products, and the time limit for their delivery in purchase and sale contracts (including contracts for supply, procurement, advance purchase, combination and coordination in purchases and sales, and adjustment) shall be implemented in accordance with the following provisions:

1. The product quantity term shall be concluded through consultation between the supplying and requisitioning parties. The method of measuring product quantity shall be implemented in accordance with state provisions; in the absence of state provisions, implementation shall be



in accordance with a method agreed upon by the supplying and requisitioning parties.

2. The product quality and packaging quality terms, where there are mandatory state standards or mandatory trade standards, shall be concluded in accordance with standards not lower than such mandatory state standards or mandatory trade standards; in the absence of mandatory state standards or mandatory trade standards, the terms shall be concluded through consultation between the parties.

The supplying party shall be responsible for the product quality and packaging quality and provide the technical data or samples necessary for inspection.

The methods of ascertaining product quality through inspection or quarantine shall be carried out in accordance with the relevant provisions approved by the State Council, and, in the absence of such provisions, the methods shall be determined through consultation between the parties.

3. The product price term shall be concluded through consultation between the parties, with the exception of the products for which implementation of state-fixed prices is mandated by the state.

In cases where a product is to be supplied on the basis of the state-fixed price, if the state-fixed price is adjusted before the time limit for delivery provided in the contract, the price shall be calculated according to the price at the time of delivery. In the event of late delivery, if the price has risen, the original price shall be implemented; if the price has dropped, the new price shall be implemented. In the event of late taking of delivery of goods or late payment, if the price has risen, the new price shall be implemented; if the price has dropped, the original price shall be implemented.

4. The time limit for delivery (or taking delivery) of the goods shall be carried out in accordance with the stipulations in the contract. If any party requests advancement or extension of the time limit for delivery (or taking delivery) of the goods, it shall reach an agreement with the other party beforehand and then implement it accordingly.

Article 18. In contracting for construction projects, including surveys, designs, building, and installations, one general contractor may sign a general contract with the construction unit, or several contractors may separately sign contracts with the construction unit. Contracts for major state construction projects shall be concluded in accordance with the procedures stipulated by the state, and in accordance with the investment plan, task plan, and other state-approved documents.

Survey and design contracts shall provide the time for delivery of the basic survey or design data and design

documents (including an estimated budget) to be delivered by both parties, the quality requirements of design work, other conditions for coordination and similar provisions.

Building and installation contracts shall clearly provide the scope of the work, the construction work period, the time for beginning and completing intermediate construction projects, the quality of the work, the costs of construction work, the time for delivery of technical data, the responsibilities for supplying materials and equipment, the allocation of funds and settlement of accounts, the inspection and acceptance of the work upon completion, the mutual cooperation by the parties, and similar terms.

The inspection and acceptance of construction projects upon completion shall be based on work blueprints and written instructions, and on work testing norms and quality inspection standards issued by the state.

Article 19. Processing contracts shall be concluded based on the ordering party's requirements as to the kind of goods, the items and the quality and on the contractor's capacity to process, make to order, or repair. Except as otherwise provided in the contract, the contractor must use its own equipment, technology, and labor force to complete the principal part of the tasks of processing, making to order, and repairing and, without the consent of the ordering party, may not assign accepted tasks to a third party. The ordering party shall accept the articles and the results of the work completed by the contractor and shall pay remuneration therefore.

The contractor shall promptly inspect the raw and processed materials supplied by the ordering party and, if it is discovered that they do not conform to the stipulations of the contract, the contractor shall immediately notify the ordering party to replace them or supply what is lacking. The contractor may not, without authorization, replace any raw and processed materials supplied by the ordering party and may not covertly exchange components of articles being repaired, and violators shall be liable to pay compensation.

When the contractor repairs a building or processes a batch of nonstandard articles, it shall accept necessary inspection and supervision by the ordering party, but the ordering party may not obstruct the contractor's normal work. The contractor shall strictly comply with the ordering party's request to keep confidential the duplications, designs, translations, tests, and inspections of the performance of articles, and other tasks contracted by the contractor.

If the ordering party does not take delivery of the ordered goods within six months of the time limit for taking delivery, the contractor shall have the right to sell the ordered goods and, after deducting his remuneration and storage fees from the price obtained, to deposit the remainder in a bank in the name of the ordering party.



Article 20. Contracts for transporting goods shall be concluded through consultations between the consignor and the shipper.

Any contract involving transshipment shall clearly provide the responsibilities of both parties or all parties and the freight delivery methods.

When consigned goods, in accordance with stipulations, require packaging, the consignor must package the goods in accordance with the standards prescribed by the state authorities in charge; in the absence of uniform prescribed packaging standards, packaging shall be carried out in accordance with the principle of securing the safe transport of the goods, or else the shipper has the right to refuse to undertake the shipment.

Article 21. Contracts for the supply and use of electricity shall be concluded in accordance with the needs of the electricity user and the electrical supply capacity. The contract shall clearly provide the electrical power, the amount of electricity, the period of use of electricity, the liability for breach of contract, and similar terms.

Article 22. Contracts for storage and safekeeping shall be concluded through consultation between the parties in accordance with the storing party's plan for storage on consignment and the warehousing capacity of the safekeeping party. Contracts for the storage of odd-lot goods shall be concluded in accordance with the relevant provisions on storage.

Contracts for storage and safekeeping shall clearly provide the type, specifications, and quantity of goods to be stored and the method of safekeeping, the items to be inspected, and the inspection methods, the procedures for depositing and withdrawing the goods from storage, the standards of loss and damage and the handling of loss or damage, the responsibility for expenses and the method of settling accounts, the liability for breach of contract, and similar terms.

The safekeeping party shall inspect the goods to be put into storage in accordance with the provisions of the contract concerning the packaging exterior and the type, quantity and quality of the goods, and, if it discovers that the goods to be put into storage do not conform to the provisions of the contract, it shall promptly notify the storing party. If, after the safekeeping party has inspected the goods, there develops a nonconformity between the type, quantity, or quality of the goods and the provisions of the contract, the safekeeping party shall be liable to pay compensation.

The storing party shall provide the safekeeping party with the necessary data for inspecting the goods, or else the safekeeping party shall not be liable to pay compensation should any nonconformity develop between the type, quantity, or quality of the goods and the provisions of the contract.

Article 23. Contracts for the lease of property shall clearly provide the name, quantity, and use of the leased

property, the term of the lease, the rent and the time limit for payment of the rent, the responsibility for maintenance and keeping the property in good repair during the term of the lease, the liability for breach of contract, and similar terms.

The lessor shall, in accordance with the time and standards provided in the contract, turn over the leased property for the use of the lease. If the lessor transfers ownership of the property to a third party, the lease contract shall continue to be effective with respect to the new owner of the property.

The lessee may, because of work requirements, assign the use of the leased property to a third party lessee, but it must first obtain the consent of the lessor.

If the state has uniform provisions, the rent standard shall be concluded based on such uniform provisions. In the absence of uniform provisions, the rent shall be decided through consultation between the parties.

Article 24. Loan contracts shall be concluded in accordance with relevant State Council regulations. The contract shall clearly provide the amount of the loan, use, terms, interest rate, procedures for settling accounts, liability for breach of contract, and similar terms.

Article 25. A property insurance contract shall be concluded after an insurer agrees to undertake the applicant's insurance request and after an agreement has been reached regarding the provisions in the contract. The insurer shall promptly issue to the applicant an insurance policy or other insurance receipt.

The insurance contract shall clearly provide the object of the insurance, the exact location (or the means of transport and voyage), the insured amount, the insured liability, the excluded liability, the method of paying compensation, the method of paying insurance premiums, the beginning and end of the insured term, and similar provisions.

The policy holder shall protect the safety of the insured property. The insurer may conduct safety inspections of the insured property, and, if it discovers unsafe aspects, it shall promptly notify the policy holder to eliminate them.

When a third person should be responsible for paying compensation for losses with respect to insured property, if the policy holder submits a claim against the insurer, the insurer may first make compensation in accordance with the provisions of the contract, but the policy holder must assign its right to cover compensation to the insurer and assist the insurer in recording the compensation from the third person.

### Chapter III The Modification and Rescission of Economic Contracts

Article 26. It shall be permissible to modify or rescind an economic contract if any of the following situations should occur:

1. If both parties agree through consultation, and if such modification or rescission would not damage the interests of the state or the public;
2. If force majeure makes it impossible to perform all the obligations in the economic contract;
3. If one party breaches the contract during the time limit agreed to prescribed in the contract.

If it is situations 2 and 3 above, one party has the right to notify the other party to have the contract rescinded. If one party suffers losses due to modification or rescission of an economic contract, the party that is responsible, except when it may be excused from liability according to the law, shall be liable to pay compensation.

If one party is merged or divided, the party or parties resulting from the change shall assume or share the obligation to perform the contract and shall enjoy its or their due rights under the contract.

Article 27. The notice or agreement regarding the modification or rescission of an economic contract shall be in written form (including a document, telegram, etc.). Except when obligations in the economic contracts cannot be fully performed because of force majeure, or when one party breaches the contract within the time limit agreed to, the original economic contract shall continue to be in force.

Article 28. After an economic contract is concluded, it may not be modified or rescinded due to a change in the person in charge or in the legal representative.

#### Chapter IV Liability for Breach of an Economic Contract

Article 29. If, due to the fault of one party, an economic contract cannot be performed or cannot be fully performed, the party at fault shall be liable for breach of the contract; if both parties are at fault, in accordance with the actual conditions, each party shall be commensurately liable for the breach of contract that is its responsibility.

If an individual is directly responsible for dereliction of duty, malfeasance or other unlawful conduct that gives rise to a major accident or severe losses, he or she shall be investigated for economic and administrative liability, and even criminal liability.

Article 30. If a party cannot perform an economic contract due to force majeure, it shall promptly notify the other party of the reason why it cannot perform the economic contract or why it needs an extension of the time for performance or for part performance of the economic contract. After it has obtained a relevant certificate, it shall be permitted to extend the time for performance or part performance or not to perform, and it may, in accordance with the circumstances, be partly or completely excused from liability for breach of contract.

Article 31. If a party breaches an economic contract, it shall pay breach of contract damages to the other party.

If the breach of contract has already caused the other party to suffer losses that exceed the amount of the breach of contract damages, the breaching party shall pay compensation and supplement the breach of contract damages by the insufficient amount. If the other party demands continued performance of the contract, the breaching party shall continue to perform.

Article 32. Breach of contract damages and compensatory damages shall be paid within 10 days after liability is clearly established, or else the matter shall be handled as an overdue payment.

Article 33. Liability for breach of a purchase and sale contract.

##### 1. Liability of the supplying party:

a. If the type, specifications, quantity, quality or packaging of the product does not conform to the provisions of the contract, or if delivery is not made on the date prescribed in the contract, it shall pay breach of contract damages and compensatory damages.

b. If the product is sent to the wrong destination or receiving unit (or individual), in addition to being responsible for transportation to the destination or receiving unit (or individual) prescribed in the contract, it shall also be liable for any extra freight and miscellaneous charges incurred as a result thereof; if the error causes overdue delivery, it shall also pay breach of contract damages for overdue delivery.

##### 2. Liability of the requisitioning party:

a. If it cancels an order during the contract term it shall pay breach of contract damages and compensatory damages.

b. If it fails to make payment or take delivery on the date prescribed in the contract, it shall pay breach of contract damages.

c. If it erroneously writes out or at the last moment changes the destination of the goods, it shall be liable for any extra expenses incurred as a result thereof.

Article 34. Liability for breach of a construction project contract.

##### 1. Liability of the contractor:

a. If, due to the inferior quality of survey and design work or because survey and design documents are not submitted in time, the work period is prolonged and losses are caused thereby, the survey and design unit shall continue to complete the designs and shall reduce or forfeit its survey and design fees and shall even make compensation for the losses.

b. If the construction quality does not conform to the stipulations of the contract, the party awarding the contract shall have the right to demand that the project be repaired or redone and reconstructed within a fixed time and without compensation, and if such repair or

remedy and reconstruction causes the project to be delivered beyond the deadline, the contractor shall pay breach of contract damages for the overdue performance.

c. If the time the project is delivered does not conform to the stipulations of the project, the contractor shall pay breach of contract damages for overdue performance.

2. Liability of the party awarding the contract:

a. If the raw and processed materials, equipment, site, funds, technical data, etc. are not supplied according to the time or requirements stipulated in the contract, in addition to accepting a delay in the work deadline, it shall also reimburse the contractor for actual losses from work stoppages and idling of the labor force as a result thereof.

b. If construction is stopped or postponed in the course of the work, it shall adopt measures to offset or reduce the losses and at the same time compensate the contractor for losses and actual expenses incurred as a result thereof due to work stoppages, idling of the labor force, changes in transportation, transfers of machinery and equipment, overstocking of materials and components, etc.

c. If the plans are modified, the data supplied are not accurate or the conditions for survey and design work are not provided in a timely fashion and, as a result thereof, the survey and design work has to be redone or stopped, or the design revised, it shall pay additional expenses for the amount of work actually expended by the contractor.

d. If problems of quality are discovered in the project it has put into use without having inspected it, it shall be held solely responsible.

e. If it exceeds the deadline stipulated in the contract for inspection or for paying the construction fees, it shall pay breach of contract damages for overdue performance.

Article 35. Liability for breach of a processing contract.

1. Liability of the contracting party:

a. If due to improper storage the materials or articles supplied by the ordering party are damaged, lost or destroyed, it shall be liable to pay compensation.

b. If the quality or quantity of work delivered to the ordering party is not in accordance with the provisions of the contract, it shall, without charge, undertake to make repairs or supplement the quantity or, depending on the circumstances, reduce remuneration. If the results of the work have a serious defect, it shall also be held liable to pay compensation.

2. Liability of the ordering party:

a. If it does not provide the contracting party with raw and processed materials on time or of the requisite quality or quantity and thereby causes a prolonging of the work period, it shall be liable to compensate for any losses.

b. If it exceeds the deadline stipulated for taking delivery of the articles ordered or repaired, it shall pay a storage fee to the contracting party for the overdue period.

c. If it exceeds the deadline for making payment stipulated in the contract, it shall pay breach of contract damages for overdue payment.

Article 36. Liability for breach of a freight transportation contract.

1. Liability of the shipper:

a. If it fails to arrange for a vehicle (or ship) for shipment in accordance with the time or requirements of the transportation contract, it shall pay to the consignor breach of contract damages.

b. If the goods are shipped to the wrong destination or receiving person, it shall, free of charge, transport them to the destination or receiving person stipulated in the contract. If the goods are delivered after the stipulated time, it shall pay breach of contract damages for overdue delivery.

c. If the goods are lost or destroyed, suffer a shortage, deteriorate or are contaminated or damaged in the course of transportation, compensation shall be paid in accordance with the actual loss to the goods (including packaging expenses and freight and miscellaneous expenses).

d. If destruction, loss, shortage, deterioration, or contamination of or damage to the goods for which the shipper is liable for making compensation occurs during through transshipment, the shipper for the final stage of transport shall make compensation as stipulated and then the shipper for the final stage may pursue reimbursement from any other responsible shipper.

e. If, during transportation that is in conformity with the law and the provisions of the contract, destruction, loss, shortage, deterioration or contamination of or damage to the goods is caused by any of the following reasons, the shipper shall not be held liable for breach of contract:

i. Force majeure;

ii. The natural characteristics of the goods themselves;

iii. Reasonable loss and damage of the goods; or

iv. The fault of the consignor or the recipient of the goods.

2. Liability of the consignor:

a. If it does not provide the consigned goods in accordance with the time and requirements stipulated in the contract, it shall pay to the shipper breach of contract damages.

b. If it smuggles or conceals dangerous goods among ordinary goods or incorrectly declares the weight of heavy goods, etc. and this causes the chain sling to break,



the goods to be broken or damaged, cranes to be overturned or broken, an explosion, corrosion, or a similar accident, it shall be liable to pay compensation.

c. If defective packaging produces damage and thus causes other goods or means of transport, machinery or equipment to be contaminated, corroded or damaged or causes human casualties, it shall be liable to pay compensation.

d. If the goods have been loaded by the consignor at its own special-purpose loading point or at a public special-purpose loading point at a harbor or station or at a special-purpose railway loading point, and if damage or shortage is found upon checking the goods at the unloading point, in circumstances where the vehicle was perfectly sealed or there are no abnormal conditions, the consignor shall compensate the receiving party for the loss.

e. If goods transported in a tank car are not accompanied by the certificate of specifications and quality or the laboratory test report, preventing the recipient of the goods from being able to unload the goods, the consignor shall reimburse the shipper for delayed unloading and storage charges as well as breach of contract damages.

Article 37. Liability for breach of a contract for the supply and use of electricity.

1. Liability of the supplier of electricity:

The supplier of electricity must supply electricity in a safe manner in accordance with power supply standards stipulated by the state and with the stipulations of the contract. If it has cause to restrict electricity, it shall give advance notice to the user of electricity. In the absence of a proper reason for restricting the electricity or if electricity is cut off due to the fault of the supplier of electricity, it shall compensate the user of electricity for the losses caused thereby.

2. Liability of the user of electricity:

The user of electricity must use electricity in accordance with the provisions of the contract. If, due to special circumstances, it needs to use more electricity or cannot use electricity in accordance with the time specified, it shall give advance notice to the supplier of electricity. If it does not have a proper reason for the overload of electricity or for not being able to use electricity in accordance with the time stipulated, it shall pay breach of contract damages.

The liability for breach of a contract for the supply and use of water or the supply and use of gas may be handled with reference to the provisions of this article.

Article 38. Liability for breach of a contract for storage and safekeeping.

1. Liability of the safekeeping party:

a. If improper safekeeping during the period of storage of the goods causes destruction, shortage, deterioration or contamination of or damage to the goods, it shall be liable to pay compensation for the losses. If the goods are damaged or deteriorate due to the packaging not conforming to the stipulations of the contract or due to the valid storage period being exceeded, it shall not be liable to pay compensation.

b. If dangerous articles or perishable goods are not handled according to stipulations or are not carefully stored, and are thereby damaged, it shall be liable to pay compensation for the losses.

c. If the goods are withdrawn from the warehouse or cannot be deposited in storage due to the fault of the safekeeping party, it shall make compensation for the storing party's transportation expenses and pay breach of contract damages in accordance with the provisions of the contract.

d. In cases where it is the responsibility of the safekeeping party to transport the goods and it fails to ship them on time, it shall compensate the storing party for losses due to overdue delivery; if it sends them to the wrong destination, in addition to transporting the goods without charge to the destination as stipulated in the contract, it shall also compensate the storing party for the actual losses caused thereby.

2. Liability of the storing party:

a. Flammable, explosive, poisonous and other dangerous articles and perishable articles must be noted in the contract, and the necessary date must be provided. Otherwise, if any damage to goods or human casualties is caused thereby, it shall be liable to pay compensation and may even be subject to criminal liability.

b. If the weight stored exceeds that agreed upon or the goods are not picked up on time, in addition to the payment of storage fees, it shall also pay breach of contract damages.

Article 39. Liability for breach of a contract for the lease of property.

1. Liability of the lessee:

a. If improper use and safekeeping of the leased property or failure to maintain and keep it in good repair causes damage to or destruction of the property, it shall be responsible for restoration of the property or payment of compensation.

b. If it dismantles or alters a building, equipment, machine and tool or other property without permission, it shall be liable to pay compensation for the losses caused thereby.

c. If it sublets the leased property without permission or carries out illegal activities, the lessor shall have the right to rescind the contract.



d. If the leased property is not returned on time, in addition to payment of supplemental rental fees, it shall also pay breach of contract damages.

2. Liability of the lessor:

a. If it does not provide the leased property in accordance with the time stipulated in the contract, it shall pay breach of contract damages.

b. If it does not provide the leased property in accordance with the quality stipulated in the contract, it shall be liable to pay compensation for the losses caused thereby.

c. If it does not supply related equipment, accessories, etc. in accordance with the provisions of the contract and thereby causes the lessee to be unable to make timely and regular use of the leased property, in addition to supplying what is necessary in accordance with stipulations, it shall also pay breach of contract damages.

d. In the leasing of vessels, vehicles and other large tools, if improper handling by the lessor or the negligence of service personnel causes the period of the lease to be prolonged, it shall pay the lessee breach of contract damages in accordance with the contract or other relevant stipulations.

Article 40. Liability for breach of a loan contract.

1. Liability of the lender:

If the lender does not make loans in a timely manner in accordance with the provisions of the contract, the lender shall pay breach of contract damages.

2. Liability of the borrower:

If the borrower does not repay the loan in accordance with the provisions of the contract, it shall be liable for breach of contract and shall pay additional interest.

If the borrower does not utilize the loan, granted because of state policies, in accordance with the provisions of the contract, it shall pay additional interest; the lender shall have the right to recall part or all of the loan ahead of schedule.

Article 41. Liability for breach of a property insurance contract.

1. Liability of the insurer:

It shall be liable to pay indemnity for the losses caused by an accident within the scope of insured amount. The reasonable expenses paid by the policy holder in order to avoid or reduce the losses within the scope of the insured liability by means of rescue, protection, repair or litigation shall be reimbursed in accordance with the provisions of the contract. If it does not indemnify the policy holder in a timely manner, it shall be liable for breach of contract.

2. Liability of the policy holder:

If the policy holder conceals the actual circumstances of the insured property, the insurer shall have the right to rescind the contract or shall not be liable to make indemnity.

If the policy holder discovers dangerous circumstances regarding the insured property and does not adopt measures to eliminate them, it shall be held solely liable for any losses from an accident caused thereby, and the insurer shall not be liable to make indemnity therefore.

Chapter V. Mediation and Arbitration of Economic Contract Disputes

Article 42. If disputes over an economic contract develop, the parties may resolve them through consultation or mediation. If the parties are not willing to resolve the disputes through consultation or mediation, or if consultation or mediation is not successful, they may apply to arbitration organs for arbitration in accordance with the arbitration clauses in the contract or with the written arbitration agreement reached after disputes have developed. If the parties have not included arbitration clauses in their contract and have not concluded a written arbitration agreement after disputes have developed, they may bring a suit in the people's courts.

In the case of a decision made after arbitration, the arbitration organ shall issue a written arbitration decision. The parties concerned shall obey the decision made by the arbitration organ. If one party does not perform the decision of the arbitration organ within the prescribed time, the other party may apply to a people's court for forced implementation of the decision.

Article 43. The deadline for application for arbitration of economic contract disputes is two years and shall begin from the day the parties know or should know their rights have been encroached upon.

Chapter VI. Administration of Economic Contracts

Article 44. The administrative departments for industry and commerce of the people's governments at and above the county level and other departments in charge shall exercise supervision over economic contracts in accordance with their functions prescribed by laws and administrative regulations.

Article 45. Acts of using economic contracts to impair the interests of the state or the public interests shall be dealt with by the administrative departments for industry and commerce of the people's governments at and above the county level and other relevant departments in charge in accordance with their functions prescribed by laws and administrative regulations; acts which constitute a crime shall be dealt with according to law.

Chapter VII. Supplementary Provisions

Article 46. The provisions of the Law of the People's Republic of China on Economic Contracts Involving Foreign Interests and the Law of the People's Republic

of China on Technological Contracts shall apply to economic and technological contracts involving foreign interests.

Article 47. This Law shall be implemented as of 1 July 1982. [date as received]

### **Economist Discusses 'Transitional' Economy**

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[Article by staff reporter Wang Shengyan (3769 0524 7346): "Tide Over the Transitional Structure as Soon as Possible—An Interview With Ma Jiaju, Researcher in the Economics Institute of the Chinese Academy of Social Sciences"]

[Text] The establishment of the socialist market economic structure was set as a reform objective a year ago, but as a matter of fact, China has traversed a long way in shifting from the planned economy to the market economy. In the course of practicing the market economy, people are focusing their attention on the contradictions and shortcomings of the field directly controlled by the old, planned economic structure with state enterprises as its foundation; on the final way out for the state-owned economy; and on our efforts to increase the impetus of reform and expedite its pace. With these questions in mind, this reporter several days ago interviewed Ma Jiaju, researcher in the Economics Institute of the Chinese Academy of Social Sciences.

### **A Transitional Dual Structure and Its Shortcomings**

[Wang] Split roughly, China's economy can be divided into state-owned and civilian-run economies. How would you appraise the transition of these two economies into the market economy?

[Ma] Civilian-run economies include the town and township individual economy, the cooperative economy, the collective economy, private enterprises, and "three capital" enterprises [joint venture enterprises, wholly foreign-owned enterprises, and cooperative enterprises]. They are developing outside the framework directly controlled by the planned economy. An external condition for their development is government relaxation of the relevant policy, with preferential taxation provided, if necessary. Under this condition, they are growing under their own impetus, presenting a strong development trend. Viewed from their operational mechanism, they are different from state-owned enterprises under the conditions of planned economy. From the beginning, they already corresponded with the principles of the market economy. They are economic bodies operating independently and assuming sole responsibility for their losses and profits on the basis of explicit relations between management and ownership. Their development is in itself the development of market economy.

State-owned enterprises have been controlled directly by the planned economic structure for a long time. In the

last few years, enterprise structural reform has been marking time and no fundamental change has occurred in government management functions and management methods. Of course, we cannot say there is no change at all. In particular, much headway has been made in reforming the price formation mechanism. Generally speaking, however, the market mechanism has been only partly introduced into this field. Enterprises' production and operations are divided into budgetary and extrabudgetary, and are working in two different tracks. At most, this economy can be described as only partly controlled by planning and partly controlled by the market.

As I see it, our existing structure is a transitional, dual structure comprising a market economy and a semi-planned market economy.

[Wang] We should say that the transition from a simple, planned economic structure into a dual structure is a kind of major progress, but there are many contradictions and shortcomings in this transitional dual structure.

[Ma] You are right. First, these two qualitatively different mechanisms are bound to have frictions and conflicts, which not only will make it impossible to distribute resources rationally, but also will bring about confusion in national economic operations.

Second, it is difficult to fundamentally improve the bad economic results of state-owned enterprises. State-owned enterprises are absolutely superior to others in terms of production equipment, technological personnel, and skilled workers, but two-thirds of them are suffering losses, overtly or covertly. There is the problem of excessive burden, but the fundamental cause is the structure.

Third, this transitional dual structure has led to unfairness in individual income distribution. What is even more serious, the abnormal links in the gap between these two economic mechanisms serve as soil for the spread of corruption.

Finally, under this dual structure, it is difficult to free economic operations and development from the bad cycle that "confusion occurs as soon as control is lifted, retrenchment is imposed as soon as confusion occurs, and stagnation crops up as soon as retrenchment is imposed."

### **Changing the Transitional Dual Structure as Soon as Possible**

[Wang] What choice do you think we should make in the face of this transitional dual structure?

[Ma] We should speed up its change. Specifically speaking, as soon as possible we should enable the sector directly controlled by the planned economic structure to change from a semiplanned and semimarket economy into a market economy.

The 14th CPC National Congress already has designated the market economy as the target of China's economic structural reform, but since last year, investments have increased sharply, and China's economy has developed by leaps and bounds, but reform has lagged behind markedly rather than speeding up. The problem lies with the state-owned economy under planned economic control. If this situation is not changed, it is difficult to form the initial framework of the socialist market economic structure in the coming few years. Moreover, because the structure remains unchanged, the speedy national economic growth, once again, inevitably will give rise to unfavorable factors for economic increases, thus making it necessary to strengthen macrocontrol and regulation. Handling relations between control and deepening reform has remained "an old, major problem" disturbing people for many years. Therefore I believe China's reform now has entered a crucial period. On the basis of summing up past experience, it is necessary to conscientiously consider the next step of reform and to make an appropriate choice in implementing the strategy.

[Wang] According to the laws of development, a quantitative change will turn into a qualitative one after gradual accumulation under certain conditions. Are we now equipped with the conditions for a qualitative change in our economic development?

[Ma] In the initial period of reform, the reform objective was not clear. In addition, we lacked an overall reform program, so we could proceed only from alleviating some of the most urgent contradictions in economic and social life, so that reform—in the course of its implementation—would produce positive effects in developing the economy and improving the people's lives. In this sense, the gradual method during the initial period of reform was of particular importance. Now, however, the country's economy has grown much stronger, the people's lives have improved greatly, and they have a stronger ability to withstand the adjustment of relations of interests in the course of reform. In particular, guided by Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, through 14 years of practice and explorations, our objective has become clear, our reform ideas in the relevant fields are basically clear, and our experience is becoming increasingly mature. Under these circumstances, we should lose no time in bringing about a qualitative change in reform.

#### **A "Package" Program Has More Advantages Than Disadvantages**

[Wang] In economic circles, there are basically two kinds of ideas on how to continue reform. One is to adopt a piecemeal approach and the other is the introduction of a "package" program. To which one are you inclined?

[Ma] The emergence and development of a market economy directly under the planned economic structure are different from the self-propelled, gradual emergence and development of the civilian-run economy outside

this structure. The new and old structures must directly exchange under the existing conditions, namely the old structure must be abolished and replaced by a new enterprise structure, overall market relations, and new relations between the government and enterprises, relations that conform with the market economy. This is a "hard-against-hard" change. Enterprise structure is the central link in reform, but is inseparable from the financial, taxation, monetary, labor, wage, personnel, and material supply systems, which embody the relations between the state and enterprises. In view of this, I incline to a "package" program, which coordinates all reforms. We must "abolish the old and establish the new" by strong administrative and legal means, so that in the not-too-distant future we will bring about an overall and decisive change in the economic and operational mechanisms on the basis of previous changes. A piecemeal approach is of little avail, and stalling will only make the existing dual structure rigid and add difficulties to reform. A "package" program does not mean giving up the principle of gradual progress. As a matter of fact, even this method will take several years before results can be produced.

Increasing the impetus of reform and expediting its pace will cause some social repercussions, but it is unrealistic to try to completely avoid repercussions in the course of transition from one structure into another. These repercussions, however, must be controlled within the limits society can withstand. The negative effects of the prolonged continuation of this transitional dual structure on national economic operations and development should not be underestimated—the prolonged continuation might lead to even stronger repercussions. We should understand this soberly.

#### **Survey on Foreign Role in Switchboard Market**

*OW1609102693 Beijing XINHUA in English 0922  
GMT 16 Sep 93*

[Text] Tianjin, September 16 (XINHUA)—Multi-national companies are facing an increasingly intense competition in breaking into the huge program-controlled switchboard market in China, according to a new survey.

The survey, released recently by the Tianjin NEC Electronics Telecommunications Company, showed that almost all multi-national companies making automatic switchboards have broken into the Chinese market.

These companies are expected to receive orders totalling one billion U.S. dollars from Chinese customers this year. The American Telephone and Telegraph (AT&T) Company, the Alcatel company of France, the Bell Telephone Manufacturing Company of Belgium, the Siemens company of Germany, the Northern Telecommunications company of Canada, the Ericsson company, the Nippon Electric Company (NEC) of Japan, the Fujitsu company of Japan and the Sesa company of Spain have received orders worth 100 million dollars each.



Ji Beijun, deputy general manager of the Tianjin NEC Telecommunications Company, a joint venture between the NEC company of Japan and a Tianjin business, described the competition in China's automatic switchboard market as "very intense."

According to Ji, China is now considered as the largest program-controlled switchboard market in the world.

He said that since 1981 China has imported switchboards with a total of 30 million lines and is expected to import four billion dollars worth of such switchboards during the 1990-95 period.

The availability of telephone sets in China is targeted at 10 percent by the year 2000, he said. That means that China has to install switchboards with at least 10 million lines each year to meet the goal, thus providing a host of business opportunities for foreign companies.

A number of multi-national companies began opening the Chinese market several years ago, Ji said.

In 1984 the Bell Telephone Manufacturing Company of Belgium launched a joint venture in Shanghai, the first program-controlled switchboard maker in China. Later, a joint venture was established by Siemens in Beijing, another by NEC in Tianjin, two others by AT&T in Qingdao in Shandong Province and Chengdu in Sichuan Province, and another by Northern Telecommunications company of Canada in Shunde in Guangdong Province.

These ventures are designed to produce switchboards annually with at least one million lines each, Ji said. The venture launched by the Bell company in Shanghai is projected to provide switchboards with a total of two million lines this year.

He also noted that a shortage of money is a major factor inhibiting the growth of the telecommunications industry in China.

To overcome that problem, a number of multi-national companies are using government loans or buyers' credit to encourage Chinese consumers to buy their products, he said.

China's telecommunications industry is expected to import automatic switchboards with foreign loans totalling one billion dollars a year over the next three years.

Using government loans totalling 800 million dollars, the Sesa company of Spain has received orders from Chinese clients for switchboards with a total of 5.3 million lines, he said.

Ji said that the Chinese Government's policy of giving priority to the telecommunications industry is also helping foreign companies to explore the Chinese market. For example, Chinese businesses importing automatic switchboards enjoy tariff reductions.

#### **Nation Reaps 'All-Time Record Harvest'**

*OW1509064493 Beijing XINHUA in English 0630  
GMT 15 Sep 93*

[Text] Beijing, September 15 (XINHUA)—China has reaped an all-time record harvest of grain this summer despite a slight decrease in cropland acreage and natural disasters hitting some areas of the country.

Agricultural production showed an all-round increase this summer, while township enterprises in rural areas continued to expand at a fast-speed.

Thanks to the central government's boosting of prices of grain and cotton and banning of excessive levies on farming, farmers have had a stronger impetus to turn out more crops.

Reports from the ministry of agriculture say that grain output was 108 million tons, increasing by 4.7 million tons over last year. But output of rapeseed, which is used to produce edible oil, dropped because of low temperatures and reduced planting areas.

Meanwhile, outputs of animal and aquatic products and vegetables have shown increases over figures for the same period last year.

The central government has resolved to further expand agricultural production. To encourage grain production, it raised prices of major farming products again early this year and prohibited local authorities from issuing I.O.U.'s in purchasing farming products.

In the meantime, the central government has increased investment in construction of basic facilities and technological development for agricultural production.

Though severe flooding and drought hit some farming areas in south and east China this year, the majority of grain production areas in the country have enjoyed good weather. But farmers have curtailed planting areas of early rice based on the market demand and shifted to other crops.

The Ministry of Agriculture still cannot be fully optimistic about the situation because the autumn harvest is still in the fields. Statistics show that planting areas of autumn crops have somewhat decreased from 1992 levels.



## East Region

### Fujian Cracks Down on Smuggling, Illegal Emigration

HK1609065093 Beijing ZHONGGUO XINWEN SHE  
in Chinese 1219 GMT 7 Sep 93

[Text] Fuzhou, 7 Sep (ZHONGGUO XINWEN SHE)—Fujian Province decided to concentrate strength to crack down on smuggling and illegal emigration activities and to strengthen comprehensive measures for maintaining law and order.

Yesterday, concerned provincial authorities held a meeting on cracking down on smuggling and illegal emigration. Chen Guangyi, secretary of the provincial party committee, required all localities to link the action against smuggling and illegal emigration with the anti-corruption struggle, and strive to achieve marked results by the end of this year.

Since the beginning of reform and opening, Fujian has restored and perfected the leading organ for cracking down on smuggling and has achieved marked results in the antismuggling struggle. However, at present, some coastal areas of the province are still plagued by rampant smuggling activities. Smuggling is being carried out by means of trade, and some enterprises and institutions are involved in smuggling activities to a serious degree. Smuggled goods have become more valuable, and drug smuggling cases have also occurred frequently.

In the near future, Fujian will launch a joint campaign to crack down on smuggling, and the general guideline for the action is: "seizing on the seas, checking ports, examining on the land, managing markets, and meting out severe punishments." Provincial Governor Jia Qinglin announced the arrangements of the joint action, and its task and target. That is, jointly tracking down and seizing ships and boats used in smuggling activities; checking the sources of maritime smuggling; concentrating strength on handling a number of major smuggling cases; especially some smuggling cases in which administrative or law enforcement institutions are involved; checking the evil practice of enterprises and institutions getting involved in smuggling activities; rectifying and regulating markets, banning transactions in smuggled goods, and cutting all marketing channels.

Jia Qinglin said: In areas where smuggling activities and transactions in smuggled goods are serious and cannot be checked effectively, strong and competent work teams should be dispatched to consolidate grass-roots power organs in connection with the anticorruption struggle.

Jia Qinglin said: Handling smuggling cases not only should adopt economic but also legal means. He stressed that smugglers against whom evidence has been gathered should be arrested and brought to justice without leniency. All those who are involved in the serious cases of collaborating with people outside the mainland, offending the laws while performing law enforcement

duties, and being involved with huge amounts should be severely punished in order to warn others against following such bad examples.

Jia Qinglin also said that checking illegal emigration should be included in the target of the joint action against smuggling. He said frankly that Fujian is facing an arduous task of cracking down on illegal emigration, and the situation is stern. He required the key coastal localities to effectively check activities of illegal emigration within the time limit.

### Fujian Governor on Macroeconomic Regulation, Control

HK1409145593 Beijing XINHUA Domestic Service in  
Chinese 1516 GMT 11 Sep 93

[By XINHUA reporter Xu Yiming (6079 0001 2494)]

[Text] Fuzhou, 12 Sep (XINHUA)—Fujian was one of the first provinces to carry out reform and open to the outside world. How will it implement the central authorities's policy decision on strengthening macroeconomic regulation and control? Recently, with this question in mind, this reporter interviewed Fujian Governor Jia Qinglin.

"The key step Fujian will take to strengthen macroeconomic regulation and control is to focus the solution of this issue on accelerating the pace of reform and opening," Jia Qinglin replied straightforwardly.

Since last year, under the guidance of Comrade Deng Xiaoping's important south China tour speeches and the spirit of the 14th CPC National Congress, Fujian has achieved great progress in reform, opening up, and economic construction. In the first seven months of this year, the industrial output value of the province above the township level increased by 36.6 percent over the same period last year. The marketing rate of production reached 94.8 percent, and tax profits grew 60.1 percent. The comprehensive development of agriculture reached a new scale and the total output value of township and town enterprises doubled. Comparatively good achievements were made in infrastructure construction activity. Foreign economic relations and trade continued to develop. Total export volume from January to July reached \$2.182 billion, which was an increase of 38.9 percent. The foreign funds involved in newly approved contracts on foreign-invested enterprises and the funds which have been actually invested by foreign businessmen increased respectively by 141, 206.8, and 106.4 percent. [as received]

After reviewing these achievements, Jia Qinglin said: "We should say that Fujian's situation is good. But in its economic development, there are also some serious contradictions and problems. Some deeply rooted economic problems have not yet been fundamentally resolved, such as the serious shortage of construction funds, the great difficulties in price control, the grim

situation of grain production, restrictions by 'bottle-necks,' the supply of raw materials falling short of demand, and the overloaded operation in the field of communication and transportation."

Then where can Fujian find a way out to resolve the contradictions and problems in its current economic life? Proceeding from Fujian's superiorities as an experimental zone of comprehensive reform and a province opened up to the outside world, Jia Qinglin held that the fundamental way out is to further deepen reform and open wider to the outside world. In order to strengthen macroeconomic regulation and control and resolve the deeply rooted problems, it is necessary to seize the current opportune time to push forward reform on the basis of consolidation and use the method of reform to promote consolidation. To put it in concrete terms, it is necessary to endeavor to implement the policy on comprehensive reform, which the central authorities have worked out specifically for Fujian Province. All the reforms, which are following a correct orientation and in which trails have been blazed, such as the joint-stock system and the transformation of old enterprises with foreign funds, should be continuously standardized and perfected and continuously intensified. At present, the province has already approved establishment of 26 joint-stock limited companies and raised 992 million yuan of funds, 80 percent of which are used in national construction and projects for technological transformation in large and medium-sized enterprises. This year, the work of changing mechanisms should be completed in 200 state-owned enterprises and one-third of the collective enterprises. In enterprise reform, efforts are being made to further implement the regulations and changing mechanism. At the same time, in accordance with the arrangements made by the central authorities, reforms of the financial structure, investment structure, and taxation structure are being accelerated. Moreover, under the condition that macroeconomic regulation and control are being strengthened, great efforts will continue to be made to do a better job in opening to the outside world. On the basis of further strengthening the work of inviting investment and cooperation from outside, the stress will be laid on those projects with signed contracts. A method of follow-up service and joint examination will be adopted so that the rates of projects approved, contracts fulfilled, and funds raised can be increased. By the end of this year, the province will strive to utilize a total of \$2.4 billion in foreign funds. At the same time, it will continue to intensify reform of the foreign trade structure and expand the scale of exports.

"The major policy decisions of the central authorities are entirely correct. We have conscientiously done a good job in implementing these policy decisions and have achieved initial successes now." Jia Qinglin cited for this reporter 11 changes in Fujian's economic situation after strengthening macroeconomic regulation and control. The main changes are: Some 500 million yuan of loans provided by the banks throughout the province in violation of the regulations had been recalled in July, while

the rest of the funds had been double checked and registered. The issuance of treasury bonds had been completed five days ahead of the deadline set by the state. The situation of declining savings deposits had been improved, and the deposits in July were 972 million yuan higher than in June. The foreign exchange market had become more stable and the exchange rate between the U.S. dollar and the renminbi was basically stable. The trend of excessively growing investment demand had been curbed and the plan for investment in the province's large- and medium-sized enterprises and major construction projects had been cut down by 14.7 percent. The development of stretches of land and the real estate market had been further standardized, including those in the development zones. The growth rate of the retail prices of commodities in society dropped by 0.6 percent compared with June.

In conclusion, Jia Qinglin said: At present, some major problems in Fujian's economic life have started to turn for the better. But these are just some initial achievements, which have been made in certain stages. We should not overestimate our achievements. At present, it is necessary to firmly and resolutely implement macroeconomic regulation and control measures of the central authorities without vacillation. It is necessary to take more powerful measures to improve the weak links of the province so that implementation of the relevant macroeconomic regulation and control measures of the central authorities can be ensured and so that greater achievements can be made by the end of the year.

#### **'Roundup' on Individual, Private Economic Boom in Jiangsu**

OW1509024693 Beijing XINHUA in English 0224  
GMT 15 Sep 93

["Roundup": "Individual, Private Economy Booms in Jiangsu"]

[Text] Nanjing, September 15 (XINHUA)—East China's Jiangsu Province is boosting the individual economy in line with the transition towards a socialist market economy.

According to the provincial industrial and commercial administrative department, the number of local individual and private group enterprises had risen to a record of 965,000 and 9,143 respectively by July of this year, up 18 percent and 104 percent over the same period last year.

An official of the department attributed the quick development to provincial and local governments' preferential policies on individual economy in terms of the enterprise personnel, business coverage, tax and trading site.

One example is the retired, long banned from joining the private economy, who are now licensed to work in the individual and private sectors.

Employees in state-run enterprises have access to second jobs involving catering, apparel, stationery and industrial articles for daily use.

In addition, more and more intellectuals have joined the ranks of individual businesses.

In Nanjing, capital of Jiangsu Province, 80 percent of the investors in private enterprises hold technical degrees of assistant engineer or above.

The private sector is mushrooming thanks to the province's preferential policies and improved social conditions.

By the end of last July, registered capital for 9,143 private enterprises in the province had soared to 1.59 billion yuan, averaging 174,000 yuan per sector. The total was 2.6 fold-increase over that of 1990.

Among these enterprises, 84 have either capital of at least one million yuan each or 100 employees.

Meanwhile, a multi-level network of associations of individual and private enterprises has been formed.

In April this year, the provincial enterprises association was set up to function as an organization in charge of technical title promotion, product grading, overseas business and joint enterprise start-up.

With the efforts of local governments this year, favorable conditions for individual and private economic ventures have been further secured.

Helped by the city party secretary's concern and local newspapers, the owners of private enterprises in Zhenjiang, a city near the province's capital, overcame a bottleneck in capital circulation and trading sites.

Moreover, local industrial and commercial administrative departments have carried out field service for the individual and private sectors, along with shortening the processing period for license applications from one month to seven to ten days.

### **Jiangsu Province Boosts Science With Regulations**

OW1509030293 Beijing XINHUA in English 0234  
GMT 15 Sep 93

[Text] Nanjing, September 15 (XINHUA)—East China's Jiangsu Province is leading the country in formulating regulations and rules to ensure scientific development.

The provincial people's congress issued a regulation on scientific and technological progress in September last year.

According to the regulations, local governments have worked out plans on scientific development. They have also increased input in this field.

Statistics show the province's input on scientific progress last year rising more than 10 percent in comparison with the previous year, higher than the increase in local financial income.

To support the research in basic science and the high-tech industry, Jiangsu, China's largest industrial province, has set up special funds including the natural science fund, the high technology risk fund, and the Jinling scientific and technological publishing fund.

Secured by the regulations, the transformation of traditional industry and development of high technology are well under way.

At present, four state high-tech development zones have been set up in Nanjing, Suzhou, Wuxi and Changzhou, the most economically developed cities in the southern province, forming an industrial complex of microelectronics, bioengineering, mechanical engineering and new materials.

In addition, the regulations have guaranteed high awards for scientists who make prominent contributions to the society.

The city of Wuxi has decided to use three to six percent of the increased revenues from the high-tech industry to award outstanding scientists.

At the end of last year, scientific and technological personnel in 40 enterprises were awarded 6.45 million yuan (about 1.1 million U.S. dollars).

Encouraged by the regulations, scientists in the province have set up over 1,000 economic entities.

In addition, scientific institutions in Jiangsu have registered income totalling 940 million yuan by undertaking scientific research, manufacturing and service in 1992. Besides, the total volume of technological trading has almost doubled, and the number of nongovernmental scientific institutions has reached 2,422 in the province.

### **Northeast Region**

#### **Liaoning Secretary Quan Shuren on Legal System**

SK0409004793 Shenyang LIAONING RIBAO in  
Chinese 23 Aug 93 pp 1, 2

["Excerpts" of speech by Quan Shuren, secretary of the Liaoning provincial party committee, at the provincial experience-exchange conference on running the province in line with the law, which was held in Benxi from 20 to 22 August: "By Regarding Economic Construction as a Center, Efforts Should Be Made To Deeply Conduct the Work of Running the Province in Line With the Law"]

[Text] The guideline put forward at the 14th CPC Congress with regard to regarding the establishment of socialist market economic systems as a strategic target of conducting reform in the country's economic systems has accelerated the development of the national



economy and will certainly bring about tremendous changes to the economic life, the political life, and the life of various social circles throughout the country. Further enhancing the building of legal systems so as to provide legal service and guarantee for the development of the socialist market economy has become an important task on which the entire party should attach great importance and show concern. In his recent speech, Comrade Jiang Zemin pointed out: "In establishing and improving the socialist market economic systems, it is necessary to use more legal methods to readjust the economic relations; to standardize economic activities; and to promote economic development. It is also necessary to use legal methods to safeguard the social order and to ensure social peace so as to consolidate and develop the stable social and political environments." He also urged that "within this century, efforts should be made to basically build up legal systems that are suitable to the socialist market economy." The enhancement of building legal systems in line with the needs of the socialist market economy has been regarded as an important topic discussed and studied at the First Session of the Eighth National People's Congress [NPC] and at the recent meeting of the NPC Standing Committee. The session and meeting also adopted some practical steps to accelerate the economic legislation. Judging from the current situation and the province's current state of economic development, our province must conduct the work of running the province in line with the law in the coming period for protecting and promoting the establishment of socialist market economic systems and by proceeding from the reality of economic development and by regarding as a target the successful construction of socialist democracy and legal systems. To this end, a good job should be realistically done in fulfilling the following several tasks:

First, we should realistically have the people understand the importance and emergency of enhancing the construction of legal systems. In developing the socialist market economy we should enable the law to guide, standardize, protect, and restrict the development. In this way, we should give more priority to the role of laws. It may be said that the enhancement of building socialist legal systems represents the inner demand of developing the socialist market economy. Both construction of legal systems and of market economic systems must achieve development simultaneously. Without healthy socialist legal systems, there will be no perfect and successful market economy. In a certain sense, the market economy means the economy conducted by legal systems. Therefore, in the course of establishing and developing the socialist market economy, all cadres and the mass should not only have a change in their economic concept but also foster a strong sense in legal systems. They should also be clear about the importance and emergency of enhancing the construction of legal systems in developing the socialist market economy and successfully and firmly grasp the work of running the province in line with the law.

Second, we should intensively grasp economic legislation and gradually handle the issue of fully providing laws for doing everything. This represents a currently important task for protecting the development of socialist markets. At the first session of the Eighth NPC, some articles of the constitution were revised; thus, the enforcement of the socialist market economy in our country has been fixed in the constitution. Now, there are such conspicuous problems as that the legislative work still lags behind practice to a considerably great extent, some articles of the laws formulated during the period of planned economy have already been unsuitable for the development of the socialist market economy, and many fields of market economy are in the state of having no laws to follow. To rapidly change the situation that laws lag behind practice, the National People's Congress and its Standing Committee have already listed the drawing up of economic laws as a major item on their daily agenda, have put forward the goal of forming within five years the framework of laws and systems concerning the socialist market economy, and have set forth a large number of laws to readjust and standardize the market economic relations. In addition, the National People's Congress and its Standing Committee have demanded all levels of local people's congresses and their standing committees to rapidly formulate their laws regarding market economy and some detailed rules to implement the state laws. In particular, those localities which started reform and opening up in a relatively early manner and which have accumulated relatively more experiences in this regard should formulate their market economic laws ahead of others.

How should we successfully and rapidly draw up our local laws in line with the demand of the National People's Congress Standing Committee?

A. Proceeding from the province's economic development situation, by taking the whole situation into account, in line with the demands of the state laws and the province's economic development, we should map out the economic legislative plan for the next two years in a planned and step-by-step manner and in the right order of importance and urgency. In mapping out the plan, we should strengthen the planning nature of blindness and duplication.

B. Proceeding from the overall interests of the state and the people, on the prerequisite of protecting the legitimate rights and interests of citizens, legal persons, and the main body of market economy, we should standardize the relations between rights and duties of the main body of laws, should define the law executing powers and procedures of the state administrative organs and the administrative and judicial personnel, and should give play to the role of laws in guaranteeing and promoting the development of the socialist market economy.

C. We should organize and mobilize the forces in all fields to do the legislative work well. The provincial people's congress standing committee and the people's



Congress standing committees of the cities that have the authority of drawing up local laws should go deep into the grass-roots areas to conduct investigation and study and then positively offer suggestions and motions on legislation. The cities entitled to draw up local laws should summarize their experiences gained from the legislative work and go ahead of others in drawing up their economic laws. Proceeding from the reality of economic development, people's governments of various cities should draw up their draft laws. We should give full play to the role of law experts in legislation and invite them to participate in legislation or to conduct consultation and appraisal for legislation. In drawing up local economic laws, we should not only emancipate the mind, accelerate the pace, guard against the wait-and-see attitude, and demand perfection and details, but also should pay attention to the standardization of laws, particularly to preventing local laws from going against the Constitution, laws, and administrative regulations of the state. This is the principle that must be upheld in drawing up local laws.

D. People's governments at all levels should step up formulation of local administrative laws and regulations and the documents that serve as standards. They should continue to clean up the laws, regulations, and documents formulated in the past that are not compatible with the current need for developing the market economy and conscientiously revise, supplement, or abolish those that should be revised, supplemented, or abolished. People's governments at all levels are faced with very heavy tasks for formulating and cleaning up local laws and regulations and the documents that serve as standards. They should include the tasks in their agenda on economic work, pay close attention to them, and carry them out successfully.

Third, we should strictly enforce laws and strive to solve the problem that laws are not abided by and strictly enforced. Laws are formulated for strict enforcement. Not abiding by the laws we have is tantamount to having no laws, and the laws that are not enforced strictly will have a reduced effect and may become a mere formality. Thanks to efforts to strengthen socialist democracy and the legal system of the country since the third plenary session of the 11th party Central Committee, Liaoning's law enforcement has improved continuously, administrative and justice organizations at all levels in the province have carried out a great amount of work, and the law-enforcement level of law-enforcement personnel has been upgraded. This is the basic situation of law enforcement in Liaoning, and we should affirm it. In administrative and judicial activities, however, there have been occasions when laws were broken and not strictly enforced, and justice was perverted for a bribe. This has aroused great dissatisfaction among the masses. Therefore, in managing the province according to law, we should intensify education in political, ideological, and legal systems for administrative and judicial personnel and conscientiously conduct vocational training for them to improve their level of law-enforcement. We

should institute wide law-enforcement responsibility system at grass-roots law-enforcement departments, clarify the power, responsibilities, and obligations entrusted by laws, and embrace the ideas of respecting the rights of citizens and serving the socialist market economy. We should act strictly according to law in the process of law enforcement. Meanwhile, following the development of the economy and improvement of the financial situation, we should gradually resolve the difficulty in manpower, financial, and material resources for law-enforcement work to provide good conditions for strict enforcement of laws. Funds for law-enforcement organizations to handle cases should be guaranteed, and public security, procuratorial, and judicial departments should depend on the state's financial allocation and never engage in dishonest practices to seek money. Focusing on the notorious cases in society, we should strengthen law-enforcement inspection and supervision and conscientiously straighten out the discipline and work styles of administrative and law-enforcement personnel. The very small number of people who seriously violate laws and discipline and endanger the interests of citizens, legal persons, and society should be resolutely punished according to law, and typical cases should be made public so as to win the trust of the people and safeguard the sanctity of laws.

Fourth, we should strengthen law-enforcement supervision and gradually improve the mechanism for legal supervision. Power that is not supervised will lead to corruption. Ours is a socialist country, and party organizations, state organs, and cadres at all levels should be subject to people's supervision. The party committee has the discipline inspection commission, and the state has the supervision organ. In the judicial fields, the relationship among public security departments, procuratorates, courts, and justice departments is also one of mutual coordination, mutual restriction, and mutual supervision. In addition, we also have the supervision by the masses, the supervision by the press, and the democratic supervision by the Chinese People's Political Consultative Conference. We should form a complete set of mechanisms to restrict and supervise political work and law execution. In doing supervisory work, all levels of people's congresses and their standing committees should pay attention to both working procedures and work efficiency. The purpose of supervision is to improve work and strictly execute laws. While administering the province according to law, all levels of people's governments and judicial organs should also gradually perfect their own mechanism of supervising law execution in line with their actual circumstances. The affairs stipulated by state laws should be handled in strict accordance with laws. For the affairs not stipulated or poorly stipulated by state laws, we should listen to the voice of the public in line with the demands of laws and formulate some specific law execution supervisory methods with an aim to gradually form a set of perfect mechanisms to supervise the work and law execution and bring the various items of administrative work into line with the orbit of the legal system.

Fifth, we should continue to grasp the all-people law popularization education to lay an extensive mass foundation for administering the province according to laws. Administering the province according to laws is the deepening and development of the all-people law popularization education. The more we administer the province according to laws, the more we should enhance the people's concept of the legal system and their understanding of legal knowledge. This is the foundation for achieving results and success in administering the province according to laws. In particular, at present when we shift from the planned economy to the socialist market economy, there is also a new and profound problem in the field of legal knowledge, and it is already an urgent task to make all the people conscientiously study and understand the knowledge concerning the laws of the socialist market economy. We must regard the law popularization education as the basic work to administer the province according to laws and list it as an important item on our daily agenda.

We should continue to comprehensively and conscientiously implement the plans on the Second Five-Year law popularization education of the state and the province. While organizing the vast numbers of cadres and the masses to conscientiously study the Constitution, we should consider the basic knowledge related to market economy as the emphasis of the law popularization education. In terms of the targets of education, we should lay emphasis on leading cadres at all levels, law execution cadres, and leaders of enterprises and establishments. These cadres and leaders should be encouraged to study more knowledge and study more deeply and to systematically master the legal knowledge related to their own administrative, judicial, managerial, or operational work. We should pay attention to fostering and cultivating the idea on the legal system of market economy among citizens, legal persons, and all levels of leading personnel in order to make them understand the relations between the legal system and market economy as well as the position and role of laws in market economic activities. When changing the powers and functions of the government in carrying out the market economy, we should make the operational and managerial personnel of enterprises to learn to operate and manage enterprises according to laws, to stress on contracts, to keep their promises, and to engage in fair competition. When disputes emerge in market economic activities, we should depend on laws to protect our own legitimate rights and benefits through judicature or arbitration. In evaluating the performances of a cadre, we should not only see his cultural, scientific and technological, and managerial knowledge but also see his legal knowledge and law execution skills. All levels of cadres should take the lead in studying and applying laws and set an example in executing laws with a view to affecting and promoting the enhancement of the legal expertise of all citizens, to constantly improving the legal environment of society, and to promoting the sound development of the socialist market economy.

Administering the province according to laws is a change of the ideas and the leading forms that the party guides the construction of the political power and the economic construction as well as a key component part of reforming the political system and building the socialist democratic politics. Its ultimate aim is to strengthen the setup of socialist democracy and legal system, to create a fine social environment characterized by stability and unity, to ensure and promote the economic development, and to ceaselessly upgrade the degree of socialist material and spiritual civilizations. By administering the province according to laws, it will certainly form a key motivation to promote social progress and economic development. This is a work of overall importance involving various fronts and relating to policies and laws. The party committees at various levels should realistically strengthen leadership, approach from the high plane of implementing Comrade Xiaoping's strategic idea of "grasp with two hands" and accurately implementing the basic line of "one center and two basic points" to understand the issue of administering the province according to laws, and bring it into their main work agenda. The party and government top leaders at various levels and the leading comrades of the government departments should concentrate time and energy to show concern with this work. They should hear, at least once a year, the overall reports on the lawful administration of the province. The party committees should appropriately work out policy decisions on the issues relating to major policies and the issues relating to certain orientations. Simultaneously, the leading party groups of the people's congresses, governments, courts, and procuratorates should ensure the implementation of the policy decisions. We should realistically strengthen the leadership over the work of popularizing the general knowledge of laws among the people. The party members, particularly responsible party-member cadres, should be educated to take the lead in studying and using laws, play an exemplary role in handling affairs strictly according to laws, and be the first to enforce laws. Under the leadership of the party committees, the party as a whole should ceaselessly improve and unify the thinking; master and be good at the ability in accurately handling the relationship between enforcement of laws and implementation of the party's line, policies, and principles; coordinate the enforcement of laws with the development of the socialist market economy; and bring into full play the functions of legal system in various spheres, including the political, economic, and social ones.

The people's congress at various levels and their standing committees are local supreme organs of power and stand for the people to exercise the power to management of the state. The party committees at various levels should support the people's congresses and their standing committees to make laws, conduct supervision, and exercise their functions and power according to the regulations as stipulated in the constitution and the law. Through legislation, the people's congresses should be good at turning the major policy decisions of the party committees into local laws and regulations and mobilize the

people to implement them. The local people's congress standing committees at various levels should bring their roles into full play in the course of administering the province according to laws, regard the lawful administration of the province as a work relating to the overall situation, bring it into regular work agenda, guide and supervise the deep progress of the work of administering the province according to laws, and regularly reflect the situation and report on the work to party committees. The governments at various levels, courts, and procuratorates should do their duties according to the regulations as stipulated by laws, be positive and active, coordinately do their jobs well, hold themselves responsible to party committees and the people's congresses, and to ensure the realization of the targets and tasks for administering the province according to laws.

### **Jilin Governor Analyzes Economic Situation**

SK0709085693 Changchun JILIN RIBAO in Chinese  
20 Aug 93 pp 1,4

[By reporter Yin Hua (1438 5478): "The Jilin Provincial Government Holds the Third Plenary Session to Analyze the Current Economic Situation"]

[Text] On 19 August, the provincial government held the third plenary session to analyze the provincial current economic situation, to sum up the economic work done in the previous seven months and the situation of implementing the No. 6 document of the central authorities over the past month, and to make arrangements for further implementing the party Central Committee and the State Council's guidelines on strengthening the macroeconomic regulation and control and for the work priorities in the next five months.

Governor Gao Yan chaired the session and also made an important speech at the session.

Governor Gao Yan first comprehensively analyzed the current economic situation of the province. He said: Seven months have gone. All localities and departments should take the building of a developed, border, near-the-sea province as a target, work closely around the center of economic construction, further emancipate the mind, deepen reform, expand the scale of opening up, grasp favorable opportunities to speed up the pace of development, and maintain a sustained development of the national economy. In the first half of this year, the gross domestic product of the province increased by 14.3 percent over the same period of last year and was 0.4 percentage point higher than the national average level. Of this, the added value of the primary industry increased by 8.3 percent, that of the secondary industry increased by 19.2 percent, and that of the tertiary industry increased by 6.3 percent. Viewing the general situation, we know that the economy of the province continued to increase and the overall economic development situation was good. The major indicators were as follows: The peasants were mobilized with enthusiasm for production. The rural economy steadily developed.

The industrial production continued to increase. The industrial enterprises' economic results increased. Along with the readjustment of the structure of investment in fixed assets, the input to basic industries and infrastructural facilities increased. The import and export trade volume increased. The achievements in foreign economic relations were outstanding. The urban and rural markets became increasingly more brisk. The revenues increased.

Governor Gao Yan pointed out that the major special characteristics of the economic work in the first seven months of the year were as follows: First, we penetrated the guiding ideology of persistently grasping favorable opportunities to speed up the pace of development into the entire course of work. Second, we expanded the extent of reform in line with the change of the enterprise managerial mechanism and the setup of the market system. Third, we implemented the measures of the party Central Committee and the State Council for macroeconomic regulation and control to solve the problems cropping up in the course of economic development. Fourth, we improved the work style and went deep to the grass roots and enterprises to firmly grasp the implementation work. Governor Gao Yan pointed out: The prominent problems relating to the current economic development are that there is comprehensively a strain on capital; the "bottle necks," including transportation and energy resource industries, produce serious influence; and a considerably large number of large and medium-sized state-owned enterprises register poor economic results and lack vitality. We must pay high attention to these problems and adopt appropriate measures to solve problems and promote the economic development.

Governor Gao Yan emphatically summed up the situation of deeply implementing the No. 6 document of the central authorities in the past one month or so. He pointed out: Our province has adopted a positive attitude to implement the No. 6 document of the central authorities and has effectively attended to its work. Measures for macroeconomic regulation and control are being put in place in a step-by-step manner. Simultaneously, preliminary achievements have been made in regulating and controlling the macroeconomy. Achievements have been made in clearing up the unlawful inter-bank loans. As a result, the savings deposits begin to increase. The province fulfilled the treasury bond purchasing tasks on schedule. Headway has been made in straightening out and consolidating the development zones and real estate industry. The work of examining and controlling on-going projects is under progress. A group of projects whose construction is suspended or stops have preliminarily been defined. Price hikes have been alleviated.

Governor Gao Yan made arrangements for further implementation of the No. 6 document of the central authorities. He emphasized: We should further enhance understanding and unify our thinking in line with the



guidelines of the No. 6 document of the central authorities. First, we should aim at attaining a sustained, speedy, and healthy economic development when implementing the No. 6 document. Second, we should persist in the method of reform to address the problems in economic development. Third, we should proceed from reality to analyze specific issues with specific measures. Fourth, we should enhance confidence in fulfilling the various tasks of economic work. At present, we should emphasize the following six tasks.

First, we should rectify the financial order and stabilize the financial situation. Second, we should muster funds to ensure key projects. Third, we should step up examination of ongoing construction projects and strictly control the scope of fixed asset investment. Fourth, we should strengthen tax collection and management and make great efforts to organize tax revenues. Fifth, we should strictly control the increases of financial expenditures and price rises. Sixth, in line with the unified arrangements of the central authorities, we should actively facilitate the reform of the monetary, financial, tax, and investment systems.

Speaking on the economic work of the province for the next five months, Governor Gao Yan pointed out: The general requirement is that motivated by the guidelines of the No. 6 document of the central authorities and the sixth provincial party congress, we should persist in economic development, which holds the central position, without wavering, deepen reform, open wider to the outside world, strengthen macroeconomic regulation and control with an aim to establish the socialist market economy system, seize the opportunity to solve problems and to accelerate development simultaneously, and comprehensively fulfill this year's tasks for pushing the economy up to a new stage.

First, we should pay attention to the focus of economic work and ensure sustained growth in the economy. The focus of the current economic work is industry, and the focus of industry is on state-owned large and medium-sized enterprises. We should conscientiously strengthen organization and management, develop industrial production well, do a good job in limiting production to reduce stockpiles and in promoting sales, strengthen enterprise management, and speed up technical transformation to increase enterprises' capacity for sustained development and the competitive edges of their products. Meanwhile, we should develop grain production well to reap a bumper harvest. We should intensify the late-stage crop field management, achieve success in the flood-control work and the production of disaster-stricken areas, arrange well the life of disaster-afflicted people, provide good service during and after production, and conscientiously reduce the burdens on peasants. Township enterprises, as new growing points of the economy, should strive for a greater development.

Second, we should pay attention to key links and facilitate the strategic escalation of foreign economic relations and trade. Foreign economic relations should be

upgraded in line with the requirement for building a developed province near the sea. In foreign export trade, we should pay attention to its progress every 10 days and every month and institute the responsibility system for its coordinated development. In the construction of development zones, we should strengthen leadership and speed up the progress after the rectification we have done previously. The focus is to develop well the four state-level development zones.

Third, we should grasp restriction factors to alleviate the strains on capital, transportation, and energy resources. We should adopt effective measures and open various channels to comprehensively collect and enliven capital. We should grasp savings deposits, bring in capital, enliven capital, and grasp the management of capital. Simultaneously, we should speed up the construction of such infrastructural facilities as transportation and energy resource projects.

Fourth, we should expand the extent of implementing the "regulations" and deepen the enterprise reform. At present, we should emphatically change the functions of the government departments, resolutely delegate to enterprises the rights that belong to enterprises, manage the rights that should be managed, guide enterprises to turn their eyes inward and to work hard to enhance their internal functions, and standardize the relationship between the state and the enterprises. We should strengthen the supervision over enterprises and the management of state property and enable enterprises to assume sole responsibility for their profits or losses. Simultaneously, we should speed up the reform of the property right system. First, we should reform the system. Second, we should change the ownership system. Third, we should reorganize enterprises. We should positively carry out necessary supporting reform, set up and perfect the social insurance system as soon as possible, comprehensively reform the prefectural-level housing system, and continue to strengthen the setup of the market system.

Governor Gao Yan emphatically concluded: We should persistently and firmly grasp reform and opening up with one hand and the improvement of spiritual civilization with the other and be honest and diligent in performing official duties. The leading comrades at various levels should approach from the high plane of the existence of the ruling power, the victory of the great cause of reform and opening up, and the smooth progress of the economic construction to understand the extreme importance of strengthening the improvement of administrative honesty and the opposition to corruption and to consciously implement the guidelines of the central authorities and the arrangements of the province. At present, we should regard the investigation and handling of undisciplined cases as a breakthrough point to oppose corruption; emphatically investigate and handle the cases of leading organs, leading cadres, law enforcement departments and their working personnel abusing power for selfish ends, indulging in corruption, accepting bribes, neglecting duties, and being morally degenerated;



and openly handle typical cases. We should strengthen the setup of the system of being honest in performing official duties, and intensify the supervision and restriction mechanism. We should exert great efforts to consolidate social order and purify the social environment. We should strengthen the construction of the cadres and policemen contingents and improve the quality of cadres and policemen. We should deal blows to smuggling and provide a fine environment for reform, opening up, and economic construction. Governor Gao Yan pointed out: We should realistically strengthen the construction of organizational discipline and work style, maintain a normal work order and a fine mental state, consciously change the work style, go deep to the grass roots to conduct investigations and study, have a firm confidence, immerse ourselves in hard work, have a spirit of assuming high responsibility and doing solid work, and comprehensively fulfill various annual work tasks.

Present at the plenary session were Vice Governors Liu Xilin, Zhang Yueqi, Wang Guofa, and Wei Minxue; Secretary General Sang Fengwen; and component members of the provincial government. Present at the session as observers were principal responsible persons of the departments who are not component members of the provincial government; principal responsible persons of the organs directly under the provincial government; city mayors; and prefectural heads. Relevant leading comrades of the provincial party committee, the provincial People's Congress, the provincial committee of the Chinese People's Political Consultative Conference, the provincial trade union council, the provincial committee of the Communist Youth League, and the provincial women's federation were invited to attend the session.

**Daily Interviews Official on White Paper**

*HK1609091793 Beijing RENMIN RIBAO in Chinese 8 Sep 93 p 3*

[Article by staff reporters Zheng Hongfan (6774 1347 5400) and Fu Xu (0265 2485): "Oppose Taiwan Independence, Promote Reunification—Cheng Siyuan, Vice Chairman of the National People's Congress, Talks About the White Paper on the Taiwan Question"]

[Text] "The white paper 'The Taiwan Question and China's Reunification,' published by the State Council's Taiwan Affairs Office and Information Office, explains the present state and crux of the Taiwan question as well as the stance and proposals of the Chinese Government. The publication of this document has major significance." Two days after the publication of the white paper, we interviewed Cheng Siyuan, vice chairman of the National People's Congress [NPC], and asked him to talk about his views. He made the above statements as soon as the interview started.

Subsequently, NPC Vice Chairman Cheng Siyuan analyzed the present situation on Taiwan. The present situation on Taiwan has both favorable and unfavorable aspects, he said. The favorable aspect is that the Taiwan authorities have been forced gradually to relax restrictions over civilian exchanges and contacts between the two sides of the strait. In recent years, exchanges of people between both sides and all kinds of activities have expanded along with the rapid development of both sides' economic and trade exchanges. Four agreements were signed during the "Wang-Ku talks" in April, relaxing the atmosphere on both sides of the Taiwan Strait for the first time in 40 or so years. This is favorable to peaceful reunification. The unfavorable aspect is that the Taiwan authorities are only saying "China must be reunited," but in deeds, they refuse peace talks, restrict exchanges, and practice "dual recognition" and a "two Chinas" policy internationally, thus providing conditions for Taiwan independence activities. This has cast a shadow over the motherland's peaceful reunification.

Cheng Siyuan was very indignant when talking about the activities of Taiwan independence elements on the island. He said that Taiwan independence elements' activities are extraordinarily rampant on the island. Hoping that China will not be reunited or grow strong, some international forces are trying by every possible means to meddle in its internal affairs and support the Taiwan authorities' policy of "opposing the Communist Party and refusing peace talks" and support the separatist forces on the island. Taiwan independence elements, relying on reactionary foreign forces, are trying to separate Taiwan from China. This violates the fundamental interests of the entire Chinese people, including Taiwan compatriots.

Cheng Siyuan has closely followed the recent development of the situation on Taiwan. He said that recently some Taiwan authorities had recklessly made a lot of noise about "reentering the United Nations." The

Taiwan authorities are attempting to create "one country, two seats" in an international organization only sovereign nations are entitled to join. As a matter of fact, they are creating "two Chinas." Therefore, the publication of the white paper on the Taiwan question before the United Nations holds its General Assembly will help the international community to understand comprehensively China and the Taiwan question and is conducive to China's peaceful reunification.

During the interview Cheng Siyuan also hoped that all governments in the world and organizations affiliated with the United Nations would not do anything harmful to China's sovereignty.

As chairman of the China Council for the Promotion of Peaceful Reunification, Cheng Siyuan, on behalf of this council, said that the council will make as many friends as possible in the future, will do more work, and will make efforts for the motherland's reunification at an early date.

**Report on Island Investments in Shanghai**

*OW1409134493 Beijing XINHUA in English 1328 GMT 14 Sep 93*

[Text] Shanghai, September 14 (XINHUA)—In the first eight months of this year funds invested in Shanghai by Taiwan companies topped 1 billion U.S. dollars, which outstrips the total such funds introduced into the city over the past eight years.

From January to August the city approved the setting-up of 511 projects with capital from the island province.

This figure surpassed the total for the whole of 1992.

According to a local official, the number of Taiwan-funded enterprises has so far reached 1,155, with a total 1.87 billion U.S. dollars introduced from the other side of the Taiwan Straits.

Among overseas countries and regions which have invested in this, the largest industrial city in the country, Taiwan now takes second place in the number of projects and volume of investment.

The official noted that Taiwan businessmen are now engaged in trade, industry and real estate. Meanwhile, more and more Taiwan-funded firms are turning from labor-intensive to technology-intensive fields.

**Cross-Strait Auto Industry Cooperation Discussed**

*HK1509153593 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1100 GMT 14 Sep 93*

[Text] Hong Kong, 14 Sep (ZHONGGUO TONGXUN SHE)—News from Taiwan: Eleven Taiwan auto components and parts dealers have formed a delegation and are gathering together in Beijing to participate in the "1993 Beijing International Auto Components and Parts Exhibition." It is learned that the mainland has expressed that it will offer preferential conditions to enable Taiwan

auto components dealers to successfully compete in its market and that they will strengthen bilateral cooperation and join hands to cast off reliance on Japanese technology.

It is learned that the Taiwan Automobile Union and its mainland counterpart, the China Auto Industry Association, have made blueprints for bilateral cooperation. Cai Shiqing, general manager of the mainland's China Auto Industry Corporation, said: At present, the crucial technology for Taiwan's auto industry is all in the hands of Japan, with the result that Taiwan is unable to develop its own auto industry, whereas the mainland's auto industry is cooperating with Germany, Japan, and France. In order to build an auto industry empire which belongs to the Chinese, mainland and Taiwan auto

industries must strengthen cooperation and prevent the controlling power from falling into the hands of foreign businesses when mainland and Taiwan auto industries are negotiating investment matters.

Cai Shiqing said: In order to counter the impact on the mainland's and Taiwan's auto industries after they have rejoined GATT, the mainland has already set aside as key support for the mainland's developing auto industry eight auto factories, including the Changchun Number One Auto Corporation and the Wuhan Number Two Auto Corporation. We are no longer capable of accepting foreign total-auto investments. However, it is still very promising if Taiwan's comparatively advanced auto component industry is combined with the mainland's large auto after-sales service market.

## Hong Kong

### PRC-UK Joint Liaison Group Holds Meeting

#### Sides Discuss Military Sites

HK1609050693 Hong Kong SOUTH CHINA  
MORNING POST in English 16 Sep 93 p 2

[Report by Lana Wong in Beijing]

[Text] Differences over the re-provisioning of Hong Kong's military facilities for the People's Liberation Army (PLA) blocked any agreement on defence land at yesterday's on-going plenum of the Sino-British Joint Liaison Group (JLG), it was revealed last night.

The Secretary for Constitutional Affairs, Michael Sze Cho-cheung, said re-provisioning work would require funding and thus the approval of the Legislative Council's [Legco] Finance Committee before any deal could be struck with China.

"If one of the military sites to be released for Hong Kong's development has facilities wanted by the PLA, should those facilities then be relocated to other military land earmarked for the PLA?" asked Mr Sze. "This is a very important detail since it involves money and would have to go to Legco for approval."

Mr Sze did not elaborate on how it would affect the chances for a complete agreement on defence land other than that it was one of the many important details that had to be clearly resolved.

The British team leader, Anthony Galsworthy, said "some gaps" still needed to be bridged although there had already been "a great deal of progress" on defence land. But speaking before the start of yesterday's talks, he warned that China's continued reluctance to maintain more than 100 international treaties in which Hong Kong had a commitment after 1997 could harm the territory's trading status.

"A very large number of proposals" had been put to the mainland team and were still pending their response, he said.

Mr Galsworthy said at the end of the last plenum that it would take 100 years to complete the work on international treaties if the talks maintained their previous snail's pace. But he remained confident yesterday that some progress would be achieved on treaties, the localisation of laws, and the adaptation of laws to the Basic Law. Mr Galsworthy said: "It would be strange indeed if after the two foreign ministers have instructed the JLG to make progress, they have no progress to make."

Meanwhile, the magazine Contemporary Monthly said leading officers of the PLA to be stationed in Hong Kong after 1997 had been chosen from key military zones and sent to a military base in Shenzhen for training beginning in July. It said the PLA would set up a logistics base for the Hong Kong deployment on land near the Huanggang

checkpoint. Family members of the PLA soldiers would stay there instead of being allowed to come to Hong Kong.

Military training for officers would be held at a PLA base in Changmutou, about 50 kilometres north of Shenzhen.

The report said it understood that the ground force of the PLA came from Guangzhou, the air force came from Nanning, and the naval force was from Shantou.

#### 'Text' of Communiqué

OW1609104793 Beijing XINHUA Domestic Service in  
Chinese 0848 GMT 16 Sep 93

[Text] Beijing, 16 Sep (XINHUA)—A communiqué on the 27th meeting of the Sino-British Joint Liaison Group was issued here this afternoon. Following is the text of the communiqué:

The 27th meeting of the Sino-British Joint Liaison Group was held in Beijing between 14 and 16 September 1993.

The Joint Liaison Group had a discussion about the future of lands which are now in use for defense purposes in Hong Kong; matters relating to Hong Kong's international rights and obligations; Hong Kong's air services agreements; franchises and contracts extending beyond 1997 and related matters; investment protection agreements between Hong Kong and relevant countries; the surrender of fugitive offenders agreements between Hong Kong and relevant countries; mutual legal assistance in criminal matters between Hong Kong and certain countries; the localization of laws; the adaptation of laws; the implementation of the provisions of the joint declaration relating to the right of abode in Hong Kong after 1997; visa abolition agreements; the reciprocal recognition and enforcement of judgements relating to civil and commercial matters between Hong Kong and foreign countries; and civil service matters.

The next meeting of the Joint Liaison Group will take place in London in December 1993.

#### Official Discusses Joint Liaison Group Meeting

OW1609133093 Beijing XINHUA in English 1318  
GMT 16 Sep 93

[Text] Beijing, September 16 (XINHUA)—A Chinese official said here today that the 27th meeting of the Sino-British Joint Liaison Group achieved results in a number of aspects, but not to the extent that he had expected.

The meeting was held here September 14-16. At a press conference here this afternoon, Guo Fengmin, senior Chinese representative, noted that a certain amount of progress had been made in the discussions on investment promotion and protection agreements between Hong Kong and relevant countries.



Some agreements were reached on Hong Kong's air services and matters relating to Hong Kong's international rights and obligations, he said.

But, Guo said, he had originally hoped that more positive results would emerge from the meeting. "In this sense," he commented, "I feel somewhat disappointed."

On the question of civil servants, Guo said the Chinese foreign minister and British secretary of foreign affairs will discuss the matter when they hold more extensive talks.

"We had a discussion with the British side at this meeting on the overall question of stability in the civil service in Hong Kong," he said.

He stressed, "It is our hope that the British Hong Kong authorities will refrain from doing anything which is not in the interests of stability in the civil service."

"We urged the Hong Kong authorities to come up with a plan soon on guarantees concerning civil servants' pensions," he said.

Referring to the question of the future of land now used for military purposes in Hong Kong, Guo said that the two sides held the 12th round of experts' talks in Hong Kong not long ago, adding that major progress was made in those talks.

He said that at the 27th meeting of the group the Chinese side raised constructive suggestions based on the 12th round of experts' talks. But, he said, "the British side has so far failed to come up with a response and we are still waiting for one."

Asked to comment on senior British representative A.C. Galsworthy's indication that the pace of the liaison group work is slow, Guo said that "it is also my view that the pace of the liaison group work should pick up. Yes, I believe that it is a little sluggish."

Guo said during the 27th meeting the two sides discussed contracts and franchises extending beyond 1997, which also covered the question of Hong Kong's No. 9 Cargo Pier.

He said the Chinese side raised some questions at the meeting this morning concerning the cargo pier, and the British side offered some information.

The Chinese side will carefully study this information before continuing its discussion with the British side, he added.

Guo noted that the rounds of talks cover different subjects. But they have the common objective of implementing the joint declaration and ensuring the smooth transition of power in Hong Kong.

#### **Patten States Stance on Reforms, Airport**

HK1609043993 Hong Kong SOUTH CHINA  
MORNING POST in English 16 Sep 93 pp 1, 2

[Report by So Lai-fun]

[Text] Governor Chris Patten yesterday toughened his stance on constitutional reforms and the multi-billion-dollar airport and Container Terminal Number 9 (CT9) projects, calling on China to take action.

Amid intense speculation of a possible breakdown of talks, Mr Patten said Hong Kong would be forced to introduce its own arrangements for the 1994/95 elections if Sino-British negotiators failed to strike a deal. Mr Patten suggested that in that case Britain should not be held responsible stressing also that China would have some explaining to do if it chose after 1997 to overturn the arrangements installed under a no-deal scenario.

His comments come ahead of the crucial round of constitutional talks to be held in Beijing on September 26 to 27. This round will form the basis for the summit between the Foreign Secretary Douglas Hurd and his Chinese counterpart Qian Qichen.

Noting Chinese officials had said some encouraging things about the airport and the CT9 plan in recent days Mr Patten said: "We do have an expression in England that 'actions speak louder than words' and I'm looking forward to those Chinese words being followed up by actions."

An assistant director of Xinhua (the New China News Agency), Lee Waiting, asked whether Mr Patten's remarks meant he was preparing to table his political package to the legislature by October 6, when he is to deliver his second policy address, said: "We still want to continue the negotiation. If he goes ahead (with his political reform), it should be clear to Hong Kong people who does not want a smooth transition."

Mr Lee said there was no problem for China to explain to the public after 1997 about overturning a political system installed without agreement. "Why can't we overturn a political system which is not in line with the Basic Law as China would have resumed sovereignty over Hong Kong by 1997?" he asked.

But Mr Patten said: "For our part, we're working hard for success in our talks (on the 1994/95 elections) with China." He said that he hoped the two sides could reach an agreement which was acceptable to Britain, to China, and to Hong Kong's six million people. "If we don't reach an agreement at the table with China sooner or later, we'll have no option but to go to the Legislative Council, put proposals to them, and introduce arrangements ourselves," Mr Patten said, although he fell short of giving a timetable.

"I don't think that what we are proposing in the talks represents a huge threat to China. I don't think it represents any threat at all and I rather doubt whether if

things happen in that way, the Chinese would feel obliged to turn it (the constitutional arrangements) over in 1997. They have some explaining to do if they did."

"What we're talking about...is making the existing agreed process of gradual democratisation credible."

He said he was determined that the final elections here under British rule should be clean elections and not rigged ones.

### PRC Official Reacts to Patten's Comments

#### Pledges Reversal of Reforms

HK1609042693 Hong Kong WEN WEI PO in Chinese  
16 Sep 93 p 12

[Unattributed report: "Li Weiting Points Out That Political Reforms Which Contravene the Three Conformities Will Be Overthrown After 1997"]

[Text] Li Weiting, National People's Congress [NPC] deputy and assistant to the director of the XINHUA Hong Kong Branch, pointed out that if Hong Kong Governor Chris Patten is bent on having his own way and submits his constitutional reform package to the Legislative Council, it will show that the British side has no sincerity in continuing talks with the Chinese side and the British side should be held responsible. He said: Any arrangements on Hong Kong's political system which contravene the principle of "three conformities," will be overthrown after 1997.

Li Weiting made these remarks yesterday when answering reporters' questions after a regular meeting of NPC deputies in Hong Kong. He said the Chinese side did not want to see the breakdown of Sino-British talks but was expecting that both sides could reach an agreement so that Hong Kong's prosperity and stability, and a smooth transition, could be promoted. He continued: If the British side submits Chris Patten's constitutional package to the Legislative Council, the people of Hong Kong will see clearly who is undermining Hong Kong's stability and prosperity and a smooth transition. He pointed out: To ensure Hong Kong's smooth transition, the Chinese side has prepared for all eventualities. He urged the British side to think thrice before it acted.

Chris Patten said he doubted whether the Chinese side would surely and completely overthrow the constitutional arrangements made unilaterally by the British side in 1997, declaring that if the Chinese side does so, it will have to explain it. On this question, Li Weiting made the following response: After 1997, as China has taken back Hong Kong and regained sovereignty over it, the Chinese Government will have the full right and every reason to overthrow the constitutional arrangements which do not conform with the Basic Law made by the British side. At that time, it will be no one but Chris Patten himself who should give an explanation.

### Says UK Should Be Responsible

OW1609120493 Beijing XINHUA in English 1139  
GMT 16 Sep 93

[Text] Hong Kong, September 16 (XINHUA)—A Chinese official said if Governor Chris Patten goes ahead with his political reform, the British side should be held responsible for all consequence therefrom.

Li Weiting, assistant director of the XINHUA NEWS AGENCY Hong Kong branch, made the remarks Wednesday [15 September] following Patten's warning that he would put his political proposal to the Legislative Council if the Sino-British negotiations fail to reach an agreement.

Asked about his comment on the remarks Patten made at a public gathering yesterday, Li said "China is looking forward to a Sino-British agreement for the on-going Sino-British talks so as to promote the prosperity and smooth transition of Hong Kong."

"If the British side delivers Patten's political proposal to the Legislative Council, it would be clear to Hong Kong people who does not want a smooth transition," Li said.

When asked about Patten's suggestion that China would have some explaining to do if it chose after 1997 to overturn the arrangements installed under a no-agreement scenario, Li said "why can't we overturn a political arrangement which is not in line with the Basic Law as China would have resumed the exercise of sovereignty over Hong Kong after 1997?"

In response to Patten's remarks, Cheng Yiu Tong, deputy to the National People's Congress, said Patten was trying to impose pressure on the Chinese side for the Sino-British talks of 1994-95 election in Hong Kong.

"If Patten delivers his political proposal to the Legislative Council, that would be a misfortune for the Hong Kong people, who don't want to see the Sino-British talks broken down," he said.

Hau Shui-pui, Hong Kong affairs adviser, said Patten's remarks were only another version of his tricks to create obstacle for the Sino-British talks and demonstrates his lack of sincerity for the talks.

"All measures against the Sino-British joint declaration, the Basic Law of the future Special Administrative Region of Hong Kong and understandings and agreements reached between China and Britain are doomed to failure," he said.

### PRC Official Cited on Transition Issues

HK1609071793 Beijing XINHUA Domestic Service in Chinese 0732 GMT 2 Sep 93

[Text] Hong Kong, 2 Sep (XINHUA)—Zheng Guoxiong, deputy director of the XINHUA Hong Kong Branch, said: Intensifying cooperation with the Chinese mainland, safeguarding Hong Kong's prosperity and stability,

and promoting Hong Kong's smooth transition are areas where the fundamental interests of the Hong Kong people lie.

At a meeting of the "Preparatory Committee of the Hong Kong Compatriots in Celebration of the 44th Anniversary of the PRC's Founding" on 1 September, Zheng Guoxiong said: Exchange and cooperation between mainland and Hong Kong have been repeatedly expanded so that relations between these two regions are even closer. Hong Kong continues to provide funds, technology, and managerial expertise for the mainland's economic growth, which, in turn, has given impetus to Hong Kong's economic prosperity and development.

He said: The requirement to step up exchange between the two regions, promote common prosperity, and realize Hong Kong's smooth transition in the run up to 1997 have increasingly become the overriding awareness of Hong Kong society, and more and more Hong Kong compatriots are participating in various kinds of affairs in the latter half of the transition period more enthusiastically than ever by making efforts and giving advice for the development of the two regions. He cited the high degree of enthusiasm shown by the Hong Kong compatriots in the activities concerning Beijing's bid to host the Olympic Games, the Hope Project, and the Drive To Reduce Disasters and Help the Poor, among other things.

Zheng Guoxiong pointed out: The centripetal force of the Hong Kong people toward the motherland strengthens with each passing day, the forces loving the motherland and loving Hong Kong have been expanded, more and more Hong Kong people have accepted and supported "one country, two systems," and factors for realizing the smooth transfer and takeover of sovereignty in Hong Kong have increased.

He also pointed out that mainland's development had increasingly become the principal motive force for Hong Kong's prosperity. Along with the mainland's thorough reform and opening up, the economic cooperation between the two regions has merged to a greater extent, which has vigorously contributed to economic growth in Hong Kong. This year, the gross added value of Hong Kong's exports to mainland is approximately 2.8 percentage points of Hong Kong's gross domestic product. He said: It is an undisputable fact that the "China factors" are of extreme importance to the economic growth in Hong Kong.

#### **PRC Official Supports Building New Airport**

HK1609010293 Beijing ZHONGGUO XINWEN SHE  
in Chinese 1253 GMT 5 Sep 93

[Text] Beijing, 5 Sep (ZHONGGUO XINWEN SHE)—Wang Qiren, deputy director of the State Council's Hong Kong and Macao Affairs Office, recently stressed that Hong Kong's new airport is the Hong Kong people's airport, as well as the Chinese people's airport; therefore he hoped that the British side would not waste the

sincerity of the Chinese side; otherwise, it would let history down, and let Hong Kong people down.

He said that the Chinese Government has always supported the idea of building a cost-effective modern new airport in Hong Kong as soon as possible.

The current Sino-British talks on the construction of the new airport in Hong Kong are not a discussion of whether the new airport should be built or not, but a discussion of the problem of how financial arrangements should be made for the new airport according to the "Memorandum of Understanding on the Construction of New Airport in Hong Kong and Related Problems," which was agreed on by China and the UK in September 1991. The British Hong Kong administration gave the Chinese side two plans of financial arrangements for the new airport last April and September, respectively, and we thought that they contradicted the principle of cost effectiveness for the airport project as stipulated in the memorandum of understanding, and failed to comply with the principle stated in the memorandum that financial burdens should not be created for the future special administrative region [SAR] government after 30 June 1997. According to their plans, the new airport will create a big burden for the future SAR government. This is the basic reason the talks have so far failed to solve the problem. Keeping promises is the principle of doing things in the international community consistently held by the Chinese. During the talks, the Chinese side adopted a highly responsible attitude toward the future government of the Hong Kong SAR and toward Hong Kong's 6 million people, and expressed concern over cost effectiveness, callable equity, borrowing, and cost supervision in relation to the airport, demanding that the British side handle things according to the memorandum of understanding. The Chinese side's position has received and will continue to receive general understanding and support from Hong Kong society. In April this year, the British side raised the third financial arrangement proposal for the new airport. Based on sincerity, we agreed to reopen negotiations in June, and up to now four rounds of talks have been held by the Airport Committee. But the two sides still differ. Recently, proceeding from the overall situation of prosperity and stability in Hong Kong, and for the sake of giving the talks a push, the Chinese side tried its best and expressed the greatest sincerity and, under the condition that an agreement on the financial arrangement for the new airport has yet to be made, let the British side grant the franchise contract on the cross-harbor tunnel in Western District, and begin the reclamation project in Central and Wanchai districts. This is welcomed by various quarters of the Hong Kong society.

The above-mentioned information is disclosed by the latest issue of LIAOWANG OVERSEAS EDITION, which will be published tomorrow.

Wang Qiren also talked about the issue of Terminal No. 9. He said that regarding Terminal No. 9, our main attitude is: Over the past several years, Hong Kong's

container cargo business developed rapidly; in order to promote development of foreign trade in Hong Kong and to maintain Hong Kong's status as an international shipping center, we think that it is necessary for Hong Kong to continue to expand its container terminals, and we welcome various kinds of capital taking part in the development of port facilities. At present, the volume of container cargoes handled in Hong Kong ranks first in the world. The planned Terminal No. 9 is a project involving operation rights which straddle 1997, so this contract can only be granted after a discussion by the Chinese and British sides. We are doing this according to the Sino-British Joint Declaration and the Basic Law. We must stick to our position regarding this issue of principle. At the same time, we are doing this to enable the legitimate interests of investors to be recognized and protected by the future SAR government.

In November last year, the British Hong Kong administration unilaterally announced the granting of the contract on Terminal No. 9. That was inappropriate. We made a solemn representation. The British side said

recently that it was willing to discuss it through the Sino-British Joint Liaison Group.

Wang Qiren stressed that the Chinese side needs time to understand the issue of Terminal No. 9 and derive a way to solve it.

#### **Zhu Rongji Meets Hong Kong Businessman in Hainan**

*HK1509151193 Haikou Hainan People's Radio  
Network in Mandarin 2300 GMT 9 Sep 93*

[Text] Zhu Rongji, member of the Political Bureau Standing Committee of the CPC Central Committee and vice premier, met with Yu Yuanping, deputy director and general manager of Kumagai Hong Kong Limited, yesterday afternoon at the Hainan Guesthouse. Li Tieying, member of the Political Bureau of the CPC Central Committee and state councillor, and Ruan Chongwu, secretary of the Hainan CPC Committee and governor, were present on the occasion. Persons responsible for relevant ministries and committees under the State Council were also present.



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